



Sustainability highlights



Contents

4 Introduction

6 Primary topics in 2023

6 Focus

7 Climate change

7 Health and Safety

8 Governance

9 IHC Foundation

10 Key figures

10 Human resources

11 Safety, Health & Environment

12 CO2 footprint



Introduction

Royal IHC is an organisation in transition within a rapidly changing environment. The number of national and international rules and regulations concerning sustainability and social responsibility is increasing rapidly, with national ambitions currently being added on top of EU regulations. As a larger organisation, albeit on the lower end of the spectrum of 'multinational' corporate entities, Royal IHC has limited resources to address all issues simultaneously. As we attach a high degree of importance to CSR, we prioritise the most critical tasks first and make clear decisions regarding our next steps.

Nevertheless, the company's culture and commitment are focused on doing 'the right thing'. The heritage of Royal IHC as an engineering organisation, combined with its strong moral culture, does not permit actions that could harm people or the environment. Management is regularly challenged by individual colleagues and the works council to ensure correct business practices and attention to social and environmental issues.

The business model of Royal IHC, as an engineer and supplier of high-tech systems and vessels, does not significantly impact social or environmental themes through its operations. The primary impact lies in the steel supply chain and the fuel choices for vessel propulsion systems. Both are largely dictated by business logic within the regulatory framework for these issues. We take responsibility and engage with our suppliers and customers on these topics.

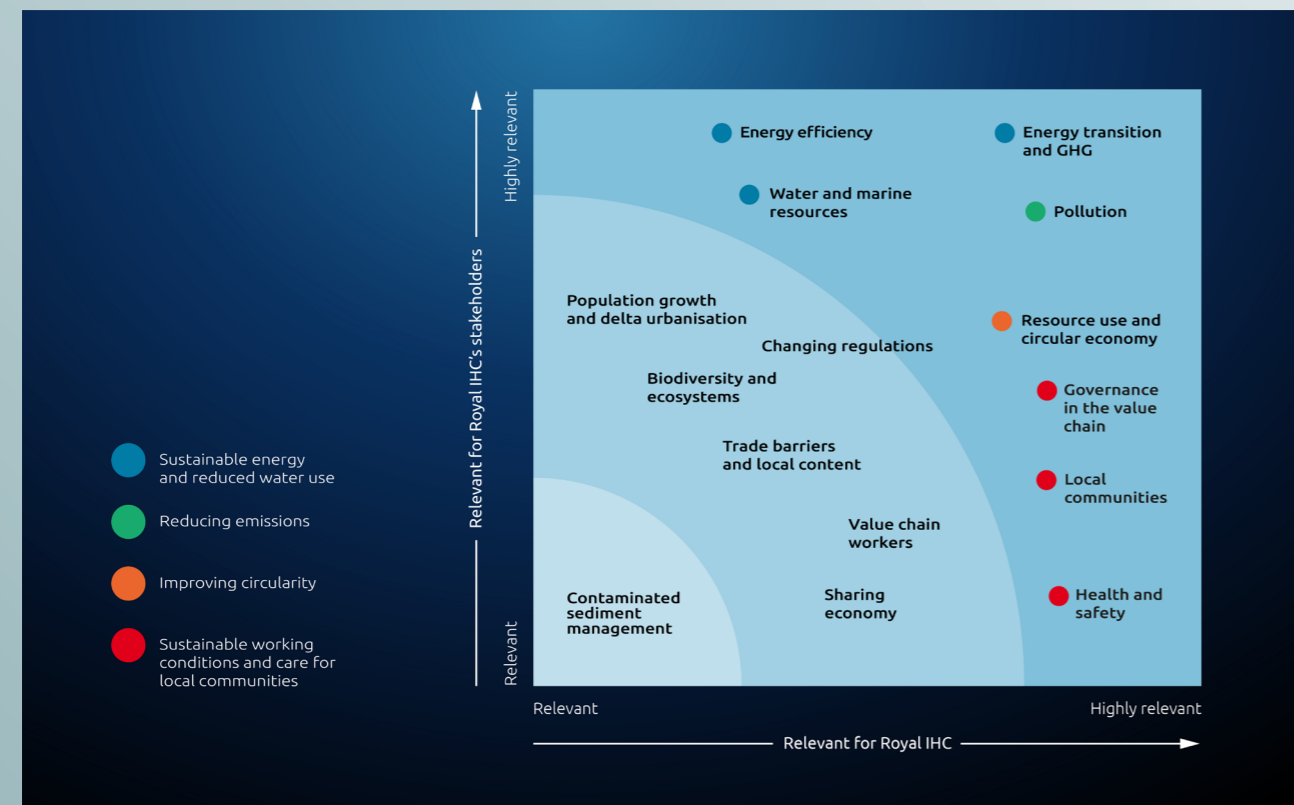
In 2024, our CSR activities have focused on preparing a new Integrated Report to meet the requirements of EU CSRD (Corporate Sustainability Reporting Directive) legislation. As a precursor to the new Integrated Report for 2024, these Sustainability Highlights for 2023 provide a concise summary of the key figures and significant ESG developments to keep our stakeholders informed. While the report is brief, Royal IHC is steadily progressing towards the sustainability goals defined earlier.



Primary topics in 2023

Focus

- Internal communication and alignment**
 Communicating our sustainability roadmap and strategy internally, while supporting business units in defining their own goals in alignment with company-wide objectives. A sustainability section was added to the Business Plan, and sustainability considerations were also included in the company-wide Management Review process.
- Compliance with emerging legislation**
 Defining the requirements of the CSRD legislation and understanding its links to other upcoming EU legislation, such as the Corporate Sustainability Due Diligence Directive (CSDDD) and the Deforestation Act. The development of integrated reporting began in late 2023 and will continue throughout 2024, requiring most of the available resources to ensure timely preparation.



Above we present our Materiality Matrix, initially defined in 2022, which is currently being updated to meet the CSRD requirements.

Climate change

Climate change is a significant sustainability topic for Royal IHC. In 2023, our focus continued to be on developing zero-emission vessel concepts. Our technology department and product groups maintained their efforts in researching and designing energy-efficient, zero-emission vessels capable of operating on renewable fuels such as hydrogen and methanol.

Royal IHC actively participates in several industry-wide cooperation projects, including the Zero JIP, Menens, and Green Maritime Methanol initiatives, and intends to take part in the Maritime Masterplan demonstration projects. Additionally, we are members of the ZEDHub and MKC (Maritiem Kenniscentrum).

Health & Safety

Occupational safety and health remain critical to the success of Royal IHC. In 2023, we achieved ISO 45001 recertification and continued implementing our I-CARE (I Create A Right Environment) programme, with a renewed focus on leadership and learning from incidents. Various local management teams participated in engagement sessions, resulting in practical safety improvement plans tailored to their specific business entities.

We also launched an I-CARE campaign promoting the proper use of Personal Protective Equipment (PPE). This initiative led to an overall increased compliance and – where necessary – further clarification of PPE requirements.

Given that working in confined spaces is a high-risk activity at Royal IHC, we implemented Permits to Work (PtW) at both our yards in the Netherlands. This eliminates discrepancies between safety management systems and ensures confined space work is conducted only after suitable mitigation measures have been implemented.

The importance of health and safety was underscored by an increased incident frequency in 2023 compared to 2022. To address this, from early 2024, the Royal IHC Senior Leadership Team conducts regular workplace visits to raise awareness about health and safety. The goal is to achieve a significant reduction in the frequency rate to a level that meets internal targets by the end of 2024. These visits are facilitated by Royal IHC's Safety, Health and Environment team, with execution monitored by the Board of Directors.

Governance

In late 2023, Royal IHC joined the Metals Covenant, an initiative aimed at fostering cooperation within the sector and collectively addressing human rights and environmental issues throughout the metals production chain. This step reaffirms our commitment to compliance with existing and forthcoming legislation, including the CSRD and the CSDDD. The CSDDD, in particular, extends corporate responsibility across the entire value chain, encompassing direct and indirect business partners.

As part of our contracting processes, alongside our Code of Conduct, we employ a Supplier Code of Conduct. We have also established topic-specific working groups to monitor compliance within Royal IHC and uphold ESG (Environmental, Social, and Governance) principles.

We are committed to preventing modern slavery and human trafficking across our operations and to working with our supply chains to achieve this. By promoting responsible business practices, we aim to build a high-performance and sustainable global supply chain.

To identify and address risks associated with local partners, we provide training on bribery and corruption and have implemented a third-party due diligence policy and procedure. Employees and stakeholders can raise concerns or questions through multiple channels, including our SpeakUp line, which is open for sharing any concerns or allegations regarding potential violations of our Code of Conduct.

IHC Foundation

At Royal IHC, we are acutely aware of our role in society and strive to be a responsible company. In 2012, we established the IHC Foundation to support social, environmental, and cultural initiatives in the countries where we operate. By sharing our expertise and resources and supporting employee-driven initiatives, we aim to help those for whom a little effort can make a world of difference.

Royal IHC employees are central to the IHC Foundation, proposing projects and actively participating in them.

The Foundation uses clear criteria to ensure all initiatives align with its mission, which was updated in 2021. In 2023, employee proposals led to impactful contributions across several areas:

- **Long-term projects**

60% of the Foundation's funding supports long-term projects, such as Mercy Ships, which provides floating hospitals for underserved communities. Our collaboration with Mercy Ships began in 2015 and offers Royal IHC employees the opportunity to assist with the annual maintenance of hospital ships. Employees do this in their own time, with the IHC Foundation covering travel and accommodation costs. Many colleagues volunteer each year.

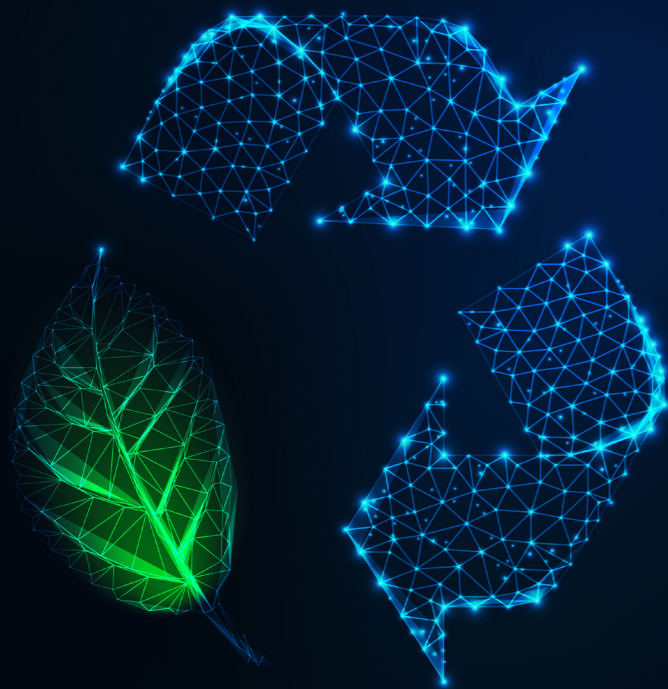
- **Client collaborations**

20% of the budget supports projects in collaboration with clients, such as Van Oord's Tour for Life, where cyclists raise funds for cancer research. In 2023, €500 was donated to the Daniel den Hoed Foundation.

- **Employee initiatives and emergency relief**

Of the remaining 20%, half is allocated to sponsoring Royal IHC employees' individual initiatives, such as Roparun and a singing evening. The final 10% is donated to emergency relief projects. In response to the earthquakes in Turkey and Syria in 2023, Royal IHC employees donated leave hours, which the Foundation matched, contributing €6,500 to Giro 555.

Additionally, in 2023, €8,500 was allocated to social and cultural projects, while €2,000 supported individual employee initiatives. Notable donations included €3,508 to KiKa for paediatric cancer research and €3,417 to the Voedselbank (Dutch Food Bank).



Key Figures

Human resources

This section presents the key figures for Royal IHC in 2023.

All Human Resources figures exclude flexible employees and interns. The data show a continued decrease in the number of employees due to reorganisation and natural turnover.

Additionally, the tables highlight an increase in the average age of employees in 2023.

Gender diversity remains stable, with a significant majority of male employees, which is characteristic of our industry.

To address this, a diversity programme is being developed to enhance gender diversity and other dimensions of employee diversity.

Number of employees and total yearly worked hours

Number	2023	2022	2021	2020	2019	2018
Number of employees (NL)	1366	1877	2136	2384	2722	2737
Working outside NL	598	653	648	664	803	703
Total number of employees	1964	2530	2784	3048	3525	3440
Permanent contracts	1728	2156	2329	2738	2248	2177
Temporary contracts	236	374	455	310	427	506
Total yearly worked hours	2997331	4143784	4849934	6378759	5006695	5234129

Gender statistics

Gender	2023	2022	2021	2020	2019	2018
Male	86.5%	85.8%	86.6%	85.5%	85.0%	86.0%
Female	12.9%	13.4%	13.4%	14.5%	15.0%	14.0%
Other	0.6%	0.8%	0.03%			

Age distribution of the employees

Age	2023	2022	2021	2020	2019	2018
Average	44.2	43.9	42.4	42.7	42.4	41.1
15-24	5.4%	4.3%	4.7%	4.3%	6.0%	6.3%
25-34	17.4%	20.3%	21.1%	23.9%	24.1%	29.1%
35-44	26.7%	27.6%	27.8%	27.3%	26.0%	24.5%
45-54	26.9%	25.7%	24.9%	23.7%	23.9%	23.8%
55-64	21.1%	19.4%	19.0%	19.0%	19.0%	15.8%
65+	2.5%	2.6%	1.8%	1.6%	1.0%	0.6%

Safety, health and environment

The safety statistics show stable values for Lost Time Injuries (LTIs); however, the Total Recordable Incident Rate (TRIR) has increased significantly, reflecting a rise in safety incidents that resulted in injuries, even if these incidents did not lead to lost working hours.

The Safety, Health and Environment (SHE) department and the Senior Leadership Team (SLT) take these figures seriously. Several initiatives have been launched to reduce safety incidents and further develop the safety culture at Royal IHC, as detailed in the *Health and Safety* section.

Safety statistics

Key figures	2023	2022	2021	2020	2019
Lost Time Injuries (LTI) ¹	17	16	17	27	30
Lost Time Injuries Frequency (LTIF) ¹	5.34	3.38	2.9	4.2	4.5
TRIR ¹	9.68	6.03	5.6	7.4	8.3
Total Environmental incidents ²	5	10	13	45	22

¹ Absolute number (LTI) includes subcontractor incidents, frequencies (LTIF and TRIR) exclude subcontractor incidents.

² Data as of 2021 exclude the environmental near misses.

CO2 footprint

Absolute energy consumption has decreased, with electricity consumption down by 24% and gas consumption reduced by 16%. However, by the end of 2023, the total worked hours decreased even further (by 28%, as shown in table),

resulting in an overall increase in the carbon footprint per worked hour. In the coming years, targeted measures will be defined to improve these values and gradually reduce the carbon footprint of our activities.

Total CO2 footprint

Energy consumption (kg CO2/man hour)	2023	2022	2021	2020	2019
Direct Energy Consumption (Scope 1)					
Fuel consumption lease cars	0.17	0.18	0.13	0.14	0.23
Gas consumption operations	1.22	0.90	0.68	0.52	0.65
Indirect energy consumption (Scope 2)					
Electricity consumption lease cars	0.01	0.01	0.01	0.10	0.003
Electricity consumption operations	2.73	2.32	2.31	2.30	2.25
Total	4.13	3.41	3.12	2.98	3.14

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