



Sustainability Report 2022



Table of contents



4	A word from the CEO
8	Sustainability Policy Note
10	2022 Sustainability Highlights
12	Corporate Identity
30	Updates from the board
32	Key figures 2022
34	Sustainability Compass
42	Sustainable organisation <ul style="list-style-type: none">› Commitment to sustainability› Responsible business› Performance monitoring
76	Sustainable operations <ul style="list-style-type: none">› Safe and empowered› Environmental stewardship› Local communities
104	Design for sustainability <ul style="list-style-type: none">› Zero emissions› Cradle to cradle› Innovation
126	Responsible Business Conduct
146	Governance
154	Annexes <ul style="list-style-type: none">› Abbreviations› GRI index

Colophon

For the financial statements of the Damen Shipyards Group, we refer to our 2022 Annual report, published on April 7th 2023 this report is available upon request.

Disclaimer:

The annual CSR report is published in English only and can be found digitally on the company website: [Damen.com](https://www.damen.com)

Should you have any questions or suggestions regarding this report, we gladly engage with you and appreciate any feedback.

Please contact: Laure Jacquier, Sustainability Manager
Email: sustainability@damen.com
Publication date: June 15th 2023

Damen Shipyards Group
Avelingen-West 20
4202 MS Gorinchem
The Netherlands

Message from the CEO

2022 was a year of definite recovery, with strong sales results and the return of our financial performance. The year began with a positive outlook for the Damen Shipyards Group; that changed abruptly at the end of February when Russia invaded Ukraine.

In 2022 our Group unfortunately had two fatal accidents. This again demonstrates that safety is, and should remain, the top priority for everybody in our organization.

The war in Ukraine has affected Damen in many ways, but especially our Damen MDEM colleagues in Mykolaiv and Kherson. Our colleague Volodymyr Kyselov - team lead R&D at Marine Design Engineering Mykolayiv - lost his life in the war. Other colleagues had to flee abroad for refuge, leaving home, family, and friends behind. Others are still in Ukraine, amid a sometimes terrifying situation while continuing their work for Damen.

We have done our utmost to help in the best possible way. Not least through the Damen Helps Foundation, which collects funds and other aid for our Ukrainian colleagues in these challenging times. I hope 2023 will be a better year for everybody involved. They can count on our continuing support.

Overall Damen Shipyards Group faced a challenging, yet exciting year, especially in the realm of sustainability. The company observed an ever-growing demand for sustainable shipping solutions, where customers and financing organisations are now actively seeking out companies that prioritise sustainability.

We have been anticipating this for some years now by designing sustainable ships and developing services based on digitization that support our clients in more efficient and sustainable operations. The fact that our offer is gaining traction is underlined by the delivery of our first full electric tug Sparky, which showcases our dedication to sustainable innovation.

To further emphasise our commitment to sustainability, we integrated our sustainability strategy within the overall business strategy of the company. We did this through the Damen 5-year plan, which was developed by a team of 100+ experts, utilising various forms of stakeholder analysis. This sharpened and confirmed our overall strategy and laid the foundation for the successful integration of sustainability within operations.

In addition, we closely monitored the latest developments in international sustainability frameworks. The EU Corporate Sustainability Directive (CSRD) was recently adopted and will be

applicable to future reporting. Damen actively worked to align its reporting structure with these requirements, collaborating with other Dutch maritime industry partners to share experiences and understandings of the standard. Our sustainability roadmap was also further defined, which helped the company stay committed to the Sustainable Development Goals (SDGs) of the United Nations. We believe that the SDGs offer a common language around sustainable development and that companies have an active role to play in achieving these goals.

Damen also took note of the growing public concern about climate change and its impacts on the environment and society. In response, the company prioritised the reduction of greenhouse gas emissions and implemented measures to protect the environment. We worked in partnership with various stakeholders to promote sustainable initiatives in the maritime industry. We strongly believe that the move towards sustainability is only going to accelerate if everybody is fully committed to playing its part in this journey.

While Damen has always focused on sustainability in its business practices, we introduced a dedicated team solely focused on sustainability initiatives in 2022. This has led to further development and specification of Damen's sustainability roadmap, making its facility fit for the future, and designing future-proof solutions. We are excited about the progress made in 2022 and look forward to building on this momentum in the years to come. We still have numerous initiatives in the preparation or implementation stages to further strengthen our company financially and in the field of corporate social responsibility.

Having said that and looking back on 2022, first and foremost, my enormous gratitude goes to my colleagues and our business partners. And of course, a big thank you as well for our customers.

One Team, One Damen!



**On behalf of the Executive Board,
Arnout Damen
CEO**



Towards a Sustainable maritime horizon





2022 Sustainability Highlights

Sustainable organisation

Damen focused on embedding sustainability into its business strategy, involving over 100 employees in the development of a 5-year plan, and organising events and e-learnings to improve awareness. The company also implemented tools to monitor ESG compliance in its supply chain, started the implementation of ISO 37001, and included sustainability KPIs in its management report, while actively contributing to industry partnerships on CSRD. Additionally, Damen began its net zero journey by measuring part of scope 3 emissions and preparing for compliance with EU reporting standards.

› Employees' commitment to sustainability:

Damen focused on giving a clear purpose to all employees regarding sustainability and fully embedded sustainability in the business strategy. Sustainability was analysed as one of the seven key streams for the future of Damen, and a team of over 100 employees, including top management, developed a 5-year plan through multiple workshops. The company also organised over 20 events and launched five e-learnings to improve awareness and knowledge around sustainability.

› Legal and Compliance:

Damen recognises the importance of Legal and Compliance in achieving sustainability, particularly in its value chain. One of the key highlights in this area is the implementation of a due diligence assessment tool to monitor ESG compliance in the supply chain. A multidisciplinary team formulated software requirements and after selection assessed over 200 suppliers by the end of 2022. The programme will be expanded in 2023 to include over 2000 suppliers. Additionally, the company implemented ISO 37001 and is in the process of obtaining certification, and published a Human Rights policy, including a Modern Slavery statement.

› Performance monitoring and transparency:

Damen has taken steps to monitor its sustainability efforts by including sustainability key performance indicators (KPIs) in the management report. This effort is aimed at ensuring that Damen is moving in the right direction and that the Executive Board is receiving the necessary information. In 2022, Damen updated its materiality matrix to include material and financial aspects and actively contributed to the set up of a partnership

group on CSRD within the Dutch maritime industry to share and align on this topic. Damen also started its net zero journey by measuring its scope 3 emissions in the supply chain using two methods. These initiatives will be further developed in 2023, and Damen is preparing for reporting in compliance with the EU CSRD and CSDDD.

Sustainable operation

Damen had a difficult year in terms of health and safety, with two fatal incidents occurring, prompting the company to prioritise safety through a revived safety programme and improved incident reporting system. Damen also took steps to reduce its environmental footprint, expanding its measurements and performing its first GHG audit and participating in the Green Marine Europe partnership. Additionally, the company established the Damen Helpt Foundation to support employees and their families affected by geopolitical instability in Ukraine and engaged in efforts to decentralise its services offices to create more local opportunities.

› Health and Safety:

Despite the company's efforts to prioritise safety, it was a sad year for Damen as two colleagues were victims of fatal incidents in 2022. This emphasises the importance of safety in the building process and as such, the Damen safety programme was revived and made more accessible. The company's leadership has taken a more prominent role in addressing safety as a key value of Damen. The incident reporting system was also improved, including leading indicators and a new approach based on a severity scale. The company has also addressed employee well-being through initiatives such as Stoptober, promoting smoking cessation, fruit baskets, and a sports coach for employees who tend to sit for long periods in the head office.

› Environmental Footprint:

Damen has continued its efforts to accurately and reliably measure its environmental footprint, expanding its measurements to include more locations and increase accuracy. The company performed its first GHG audit, which



yielded positive results, although there is still room for improvement to ensure even more accurate reporting. While the company's efforts in better reporting have paid off, more action is needed to reduce its impact. Damen Shipyards Galati, the company's major yard in Romania, took the lead in reducing its CO2 footprint by 36% in 2022. Damen has also participated in the Green Marine Europe partnership initiative led by the NGO Surfrider to define an environmental maturity model specifically for shipyards, recognising the need for clarity and transparency of environmental initiatives in yards.

› **Community engagement:**

The company acknowledges the impact of geopolitical instability on its employees and their families in Ukraine. To support them, the Damen Helpt Foundation was created to provide safe havens in and around the country, ensuring they can continue their lives in safer conditions. The crisis has also highlighted the support and care that Damen colleagues have for each other, with an unprecedented mobilisation to send help to our affected colleagues. Damen is also engaged in the local community, with efforts to decentralise its Services offices to create more local opportunities while reducing its environmental impact.

Sustainable solutions

Damen has achieved significant progress in sustainable solutions through the focus on achieving zero emissions, implementing cradle-to-cradle concepts, and investing in innovation for a sustainable future. Those efforts include delivering the first full electric high-performance tug, exploring lease services, developing a Green Refit tool, and investing in the latest technologies.

› **Zero emissions**

Damen's major achievement this year was the delivery of Sparky, the first full electric high-performance tug that has won the prestigious Tug of the Year award. This success is a major milestone on Damen's sustainability journey. Confident of the performance of this first vessel, and with the positive feedback



of the customer, Damen has taken the major step of starting the build of stock electric tugs. This is a good example of how sustainable innovation finds its place in the Damen business model that has been so successful in the past: in stock, high-performance vessels that fit perfectly with the customer's future expectations and needs. Of course, other zero emissions solutions were developed such as the E-DOP from Damen Dredging and E-Ferries. Damen has also further worked, in partnership with major universities and financial institutions, on the definition of a green vessel or project. This is essential to ensure efforts can be measured and reported upon.

› **Cradle to Cradle**

Damen continued to work on implementing circular economy concepts, with a focus on exploring possibilities for the development of lease services through Damen Financial Services. The company has formed strong partnerships with other maritime players, universities, and research institutes to promote circularity in the industry. To make circularity more approachable, Damen has also worked on a scalable project for a circular crew cabin, which is now being further researched. The company has also developed a Green Refit tool that allows ship owners to discover options to reduce their vessel's environmental impact while keeping it in operation, promoting the extension of the vessel's lifespan and future compliance.

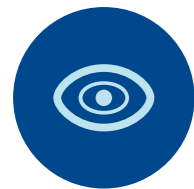
› **Innovation**

Investing in innovation is key to a sustainable future. To make it's vessels future-proof, Damen needs to investigate the lifecycle of its vessels and find ways to reduce their impact by implementing alternative technologies. The Research, Development and Innovation department of Damen is focused on sustainable impact and has achieved noteworthy results, such as winning the Shellfish Sustainability Prize for the reduced environmental impact of Damen's fishing boats. Damen's Yachting division is also heavily involved in integrating the latest innovations into its vessels, with a hybrid portfolio and active investigation into a hydrogen version. Damen recognises that innovation is crucial for a sustainable future and its committed to investing in it.

Corporate Identity



Core values



Entrepreneurship.

Client focused. Adaptable to change. Inventiveness. Getting out and about. Thinking in opportunities. Providing solutions. Delivering added value.

Guiding principles:

- We will understand and fulfil the (present and future) needs of the maritime world.
- We strive to develop and deliver long-term sustainable value.
- We deliver added value while balancing risks and rewards.



Craftmanship.

Quality. State-of-the-art. Reliable products, reliable organisation. A deal is a deal.

Guiding principles:

- We strive for excellence and aim to continuously improve.
- We work together at a strategic level to inspire, guide and control the entire lifecycle of our solutions.



Fellowship.

Cooperation. Team above individual. One Damen. A family-company.

Guiding principles:

- We are committed to acting together, in an honest and reliable way.
- We trust our employees and business partners to do the right thing.
- We are transparent about what we do and how we do it as one company.



Stewardship.

Long-term focus. Sustainability. Corporate Social Responsibility. Family values.

Guiding principles:

- We care for the wellbeing of our employees, customers and business partners.
- We feel engaged with local communities and respect our environment.
- We manage and meet expectations of our stakeholders.

Business principles

› Purpose

Seventy percent of the earth is made up of water. Water connects worlds and allows us to discover. To trade. To provide help. To produce food and generate energy. To relax and enjoy. To ensure global prosperity for next generations and keep the earth habitable with an ever-increasing world population, it is essential that we use the water and the seabed as optimally, but also as responsibly, as possible. At Damen, we provide unprecedented maritime solutions to utilise and protect these possibilities.

› Vision

Damen Shipyards Group offers versatile platforms that enable our customers worldwide to be successful. Inventive ships that raise the standard in terms of safety, reliability, efficiency, ease of use and sustainability. In fact, we want to be the most sustainable shipbuilder and maritime service provider in the world. Our ambitions lie in circularity and zero-emission sailing. Digitalising our platforms is a precondition for achieving the latter.

In the previous century, we revolutionised shipbuilding. Thanks to standardisation and serial production, we were able to supply our customers faster with better and more reliable ships. More than ninety years and 6,000 ships later, those pillars remain unchanged. Their importance is only increasing in the light of zero-emissions and digitalisation. It is not efficient to find new solutions for every ship to get them green and connected.

Based on our vision of circular, cradle-to-cradle, building, we offer ship-as-a-service concepts, in which clients can opt for payment for use instead of ownership. In this way we keep control over the entire product life cycle: from design, engineering, construction, and maintenance to the recycling of our ships.

› Mission

By expanding our leading position in standardisation and serial construction in shipbuilding and maritime services, we provide our clients worldwide with state-of-the-art maritime solutions to utilise the increasing possibilities responsibly and efficiently in trade, food, energy and recreation that oceans, seas, lakes and rivers offer to humanity.

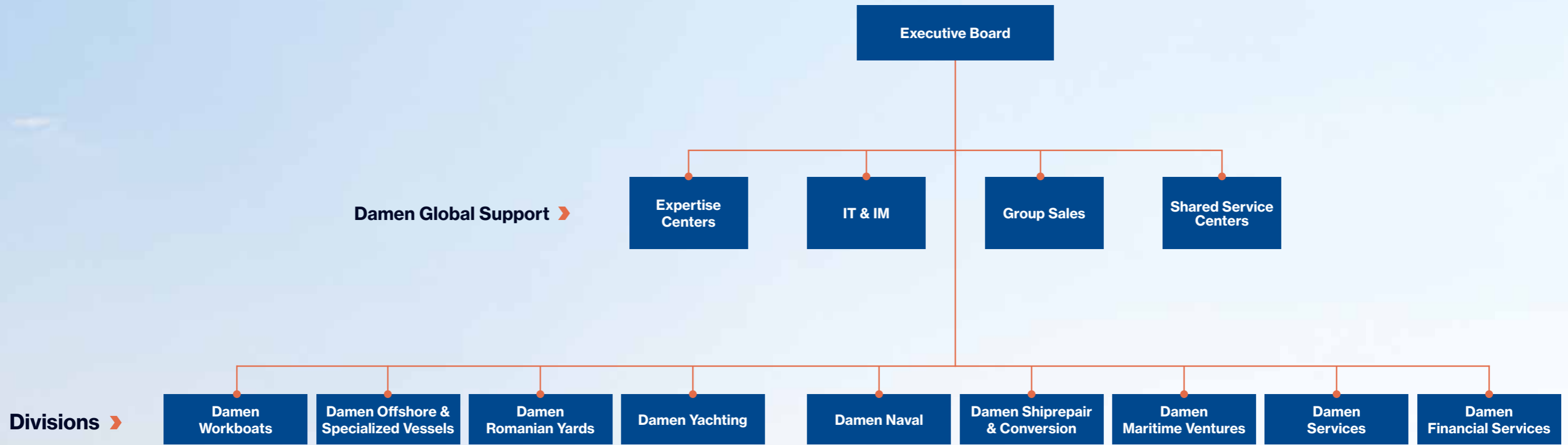
We are a family-owned business and stand for fellowship, craftsmanship, entrepreneurship, and stewardship. In every aspect of our business the next generation is our starting point.

We do not build our ships alone, but together with an extensive network of maritime partners worldwide. As a main contractor, we are system integrators par excellence. That's why we firmly believe in the power of sharing. It means that we also use our craftsmanship to build platforms at production facilities that are not ours. In this way, through knowledge transfer, we not only contribute to better, safer, and more eco-friendly ships, but also to sustainable local development and prosperity.

As a family business, we operate independently of stock prices and temporary hypes. Our operating field is global. Our horizon is the long term. We firmly believe in fellowship, but also in the strength of the individual. Each colleague is focused on ensuring truly satisfied clients and making our contribution to a better world for the generations to come.



ORGANIZATION



GLOBAL PRESENCE



» Yards & Companies

- Australia**
Damen Service Hub Brisbane
Knud E. Hansen - Perth
- Bangladesh**
Damen Service Hub Dhaka
- Belgium**
Delta Marine Engineering - Temse
- Brazil**
Damen Service Hub Rio de Janeiro
- Canada**
Damen Service Hub Victoria
Knud E. Hansen - Upper Tantallon
- China**
Damen Shipyards Changde
Damen Yichang Shipyard
Damen Marine Components Jiangyin
- Curaçao**
Damen Shiprepair Curaçao
- Denmark**
Knud E. Hansen - Elsinore
Knud E. Hansen - Odense
- Faroe Islands**
Knud E. Hansen - Tórshavn
- France**
Damen Shiprepair Brest
Damen Shiprepair Dunkerque
- Germany**
Damen Service Hub Hamburg
Van der Velden Barkemeyer - Hamburg
- Malaysia**
Nevesbu - Seri Kembangan
- Nigeria**
Damen Service Hub Port Hartcourt
- Oman**
Albwardy Damen - Sohar
- Panama**
Damen Service Hub Panama City
Damen Area Support Panama

- Poland**
Damen Shipyards Kozle
Damen Shipyards Gdynia
Damen Engineering Gdansk
Damen Marine Components Gdansk
- Romania**
Damen Shipyards Galati
Damen Shipyards Mangalia
Marine Engineering Galati
Van der Velden Barkemeyer - Galati
- Russia (inactive)**
Damen Service Hub St. Petersburg
Damen Engineering St. Petersburg
- South Africa**
Damen Shipyards Cape Town
Damen Service Hub Cape Town
- Spain**
Knud E. Hansen - Cádiz
- Sweden**
Damen Oskarshamnsvarvet
- Turkey**
Damen Shipyards Antalya
- Ukraine**
Marine Design Engineering Mykolayiv
- United Arab Emirates**
Damen Service Hub Dubai
Albwardy Damen - Dubai
Albwardy Damen - Fujairah
Albwardy Damen - Sharjah
- United Kingdom**
Damen Service Hub Southampton
Knud E. Hansen - London
- United States**
Knud E. Hansen - Fort Lauderdale
- Vietnam**
Damen Song Cam Shipyard



» The Netherlands

- Gorinchem**
Damen Shipyards Group
Damen Workboats
Damen Projects
Damen Technical Cooperation
Damen Maritime Ventures
Damen Services
Damen Financial Services
Damen Shipyards Gorinchem
Damen Civil + Modular Construction
Damen Green Solutions
Damen Marine Services
Damen Short Sea Cargo Vessels
Super Yacht Spares
The Lighthouse

Alblasserdam
Nevesbu

Amsterdam
Damen Shiprepair Amsterdam
Damen Shiprepair Oranjerwerf
Niron Staal Amsterdam

Den Haag
Damen Naval - Den Haag

Den Helder
Damen Shipyards Den Helder

Drachten
Damen Short Sea Cargo Vessels -
Drachten

Hardinxveld-Giessendam
Damen Shipyards Hardinxveld
Damen Marine Components

Harlingen
Damen Shiprepair Harlingen

Nijkerk
Damen Dredging Equipment

Rotterdam
Damen Verolme Rotterdam
Damen Harbour & Voyage Rotterdam

Schiedam
Damen Shiprepair & Conversion
Damen Shiprepair Rotterdam
Damen Anchor & Chain Factory
Damen Naval - Schiedam

Stellendam
Damen Maaskant Shipyards

Texel
Damen Shipyards Den Helder - Oudeschild

Vlissingen
Damen Yachting
Damen Naval
Damen Shiprepair Vlissingen
Damen Schelde Marine Services

Werkendam
Concordia Damen

Zwolle
Damen Winch Technology

Strategy





Company profile

The family-owned Damen Shipyards Group has been in operation for over ninety years and offers maritime solutions worldwide, through design, shipbuilding, ship repair and related services. Damen operates 35 shipyards in thirteen countries. We provide direct employment for more than 10,000 people, bringing together a total production value of 2.5 billion euros and delivering over 100 ships in 2022.

In addition to fellowship, craftsmanship and entrepreneurship, stewardship is a starting point for Damen. We aim to be the most sustainable shipbuilder and maritime service provider in the world. Digitalisation and standardisation of platforms are important preconditions in our operational excellence programme. Our main activities are the design and serial construction of inventive ships by integrating various components and subsystems into high-quality platforms. These activities are supported by a worldwide sales and service network.

Damen Shipyards Group focuses on niche maritime markets. On workboats for towage, dredging, offshore, fishing, aquaculture, and other markets. On high-speed craft and maritime public transport. On ships for naval purposes and defence & security and on exclusive yachts. In addition, we are also active in (digital and financial) servitisation, the repair and conversion of existing ships and the sale and production of components for the maritime industry.



Strategic principles

› One Damen

We have pillarised the company into divisions. We have over 50 companies spread out over the entire globe. But part of our strength and added value lies precisely in the internal cooperation and cross-pollination, across the boundaries of our silos. Learn from each other, inspire each other, help each other. There is still a lot of profit, power, and job satisfaction to be made.

› Diversification

We cherish the robust resilience of our diversified company and business model. We focus on a variety of maritime activities and (niche) markets

› Standardization, modularization, and series production

Standardization, modularization and a platform and series build approach are in the Damen 'way'. Through the development and series production of standardized ship types, the Group has successfully lowered production costs, increased quality, and reduced lead times. Modularization allows vessels and other maritime assets to remain relatively easily adjustable to keep ships fit for the (sustainable) future.

› Stock model and customization

A related stock model for applicable markets (mainly Workboats and Yachting) is a unique selling proposition (USP). Strategic stock is our answer to an increasing trend towards customers placing orders later and requiring delivery earlier. By focusing on operational excellence and continuous improvement of both ship designs and ship production, the Group can offer standardized vessel types but with a certain level of specification and customization.

› Servitization: from a shipbuilder to a maritime solutions provider

We are convinced that customers will gradually shift from ownership of vessels to 'pay per use' as we have seen in other capital-intensive industries. We see this as servitization or ship-as-a-service, which leads to operational lease, adding new and more (financial) services to our traditional product range. With an installed base of over 6,500 ships, eleven Service Hubs on all continents, and our division Financial Services up and running, we are more than ready.

› Strategic partnerships in our value chain

As a main contractor, we are system integrators par excellence. Our partners from the supply chain are as important as our own people. We must trust, manage, and co-create with them accordingly.





Company strategy in brief

During 2022 we revisited our five-year strategy with the Gorinchem divisions. The emphasis was placed on the long-term strategic pillars and cross-divisional efficiency on the commercial side, the solution side and on the three existing strategic pillars.

The rapidly changing business environment has led to the need for a longer horizon from a corporate perspective for some urgent matters. The aim is to establish a coherent framework for the divisions to plan their business objectives and goals, and to align interdependence. A long-term view of the market is needed to return to sustainable profitability, adaptability, and flexibility, and anticipate market changes.

The four main long-term goals for the five-year strategy plan have been formulated as follows:

- Sustainable growth and profitability
- Preferred long-term partner
- Maritime solutions
- ONE Damen organization

In 2023, we will continue to work on these improvements alongside the ongoing strategic improvement programs. This will be managed by the existing Project Management Office run by Aart Rupert.

Damen will achieve these goals by focusing on:

Digitalization

Digitalization is key for our ambitions to deliver maritime reliability and increasingly autonomous capabilities. It is an important theme in our products, our business model, and our business operations.

Operational excellence

Operational excellence is about continuous improvement, consistent quality and a focus on efficiency throughout the value chain. It is our goal to grow further into a process-driven organization, to maximize client value and to minimize waste.

Customer-centric approach

At Damen, we believe that our customers and their operations are at the center of everything we do. To excel in this

customer-centric approach, we learn from the operational expertise of existing & potential customers. We combine this with the integration of digital solutions on our vessels in order to deliver and to enable our customers to optimize their business-critical decisions. With this innovative mindset, we develop future-proof and sustainable products, as well as services (financial and other) that focus on adding value to our customers' operations.

We want to interact with our customers throughout their total customer journey in a personal, relevant and pro-active way. With our experience of building vessels on Damen-owned shipyards, as well as partner shipyards with Damen Technical Cooperation, we can build vessels around the globe, helping clients wherever they operate. These assets, in combination with our marketing organization, international sales & services network and local service-hub strategy, allow us to support our customers at every step of the lifecycle of their fleet. Our customer-centric approach is focused on being relevant and the aim of enduring relationships with our clients in the global maritime environment.

Sustainability

Damen's ambition is to be the world's most sustainable maritime solution provider. We will deliver solutions and services that have a positive impact on the environment and society while ensuring our long-term resilience. Our dedication to environmental, social, and economic responsibilities includes working in compliance with the law and voluntarily exceeding legal requirements. We seek to be innovative and to demonstrate leadership in the areas of sustainability that are important to us and our stakeholders. We design, manufacture, repair, and service maritime solutions that allow us to deliver positive outcomes for our employees, clients, local communities, and suppliers, while preserving our oceans.

Updates from the Board





Jan-Wim Dekker
Chief Commercial Officer

“ It is an understatement to say that the delivery of our zero-emission harbour tug, Sparky, was hard to miss last year. Even so, we should be building on other areas of sustainability where we have also made a contribution. Our continued cooperation with the government of Kenya, for instance, shows we can help countries to develop a strong maritime sector. The conversion of a platform supply vessel (PSV 3300) to a humanitarian aid vessel is another example of an initiative that deserves more attention and follow-up.

Sustainability opens up many commercial opportunities. It allows us to stand out from the competition by delivering sustainable solutions, such as financing and infrastructure, and in that way to facilitate new business models. We can also attract new talent, customers, and suppliers by focusing on sustainability and demonstrating that we lead the way in this field in the shipbuilding industry. We will not rest in 2023 and I am looking forward to the planned extension of our zero-emission portfolio. I am confident we can play a major role in upgrading and retrofitting older tonnage as well. ”



Ronald Suhlmann
Chief Financial Officer

“ The role of sustainability has evolved rapidly, from a trendy slogan just a few years ago to a business essential with legally binding obligations (CSR-D). Corporate stakeholders have tightened up their CSR targets for their business partners. A strategic Damen objective is to be the world-leading innovative and sustainable shipbuilder. To meet upcoming requirements, Group Finance and Sustainability are aligned so that CSR activities and CSR reporting are consistent and so that they comply with the highest Damen standards. One of our core values is our team spirit and so I am confident that we can achieve both CSR and CSR(D) objectives in time. Stepping up our reporting process will also help us to demonstrate that we are the most sustainable shipbuilder and maritime service provider in the world.

Damen will embrace all these developments because they fully align with our sustainability ambitions. We believe they will help us to make measurements and comparisons, and so to improve performance. We are eager to see an alignment of the requirements for financial and non-financial reporting. The years ahead will be characterized by more transparent and responsible business, and we are ready to take the lead, open up, and demonstrate our engagement toward an even more sustainable Damen. We are also confident that this approach will generate more business opportunities. ”

Marc van Heyningen
Chief Operations Officer

“ We have seen great progress towards making our operations more sustainable, and getting our house in order. That means caring for our people and the environment, and focusing on efficient and clean operations. We are targeting our efforts in this respect on the basis of our five-year strategic plan. At the group level, our team is concentrating on communications, awareness, knowledge sharing, risk assessment, and compliance with upcoming sustainability regulations.

All divisions are developing sustainability initiatives, with the matching of products and markets, alternative fuels and sustainable materials as excellent examples of our progress. We strongly believe that, by improving our project execution and our yard operations, we can serve our customers better and improve the sustainability of our business. Naturally, this includes our ships' performance and the integration of new technologies. Damen's strategy prioritizes operational excellence and fully supports our sustainability ambitions. ”



Mario Herrebout
Company Secretary & Chief Counsel

“ Damen's Legal, Compliance and Risk team believes that it is its job to interpret legislation and regulations, to present a series of internal policies, and to build a robust framework that will serve as a guide to correct practice for the group's management. While the team's activities do have the potential to impact positively on the environment, its approach focuses primarily on the social and governance areas.

An internal audit function was established in 2022. This includes the auditing of third parties with whom Damen has business relationships, for instance to ensure compliance with fraud- and bribery-related regulations, particularly in countries with a high risk profile. Internal auditing also includes the investigation of whistleblower reports where necessary.

During the last year, responsibility for KYC (know your customer) was transferred to the Legal, Compliance and Risk team. The team also established a network of compliance personnel throughout the group. As a result, there is now a compliance contact person in each of the group's division management teams. The team aims to build on this progress in the coming year, providing additional training, workshops, policies, and procedures to support the network. An important ambition of the Legal, Compliance and Risk team is ISO 37001 Anti-Bribery Systems accreditation in 2023. Significant progress has been made towards this goal.

On the risk front, the holding has appointed a Group Risk Manager, who is currently chairing the Group Risk Board that was established in 2019. The Risk Board has proven to be a valuable tool that is appreciated by internal and external stakeholders alike. ”



Key figures 2022

● 2022 ● 2021



Delivered vessels

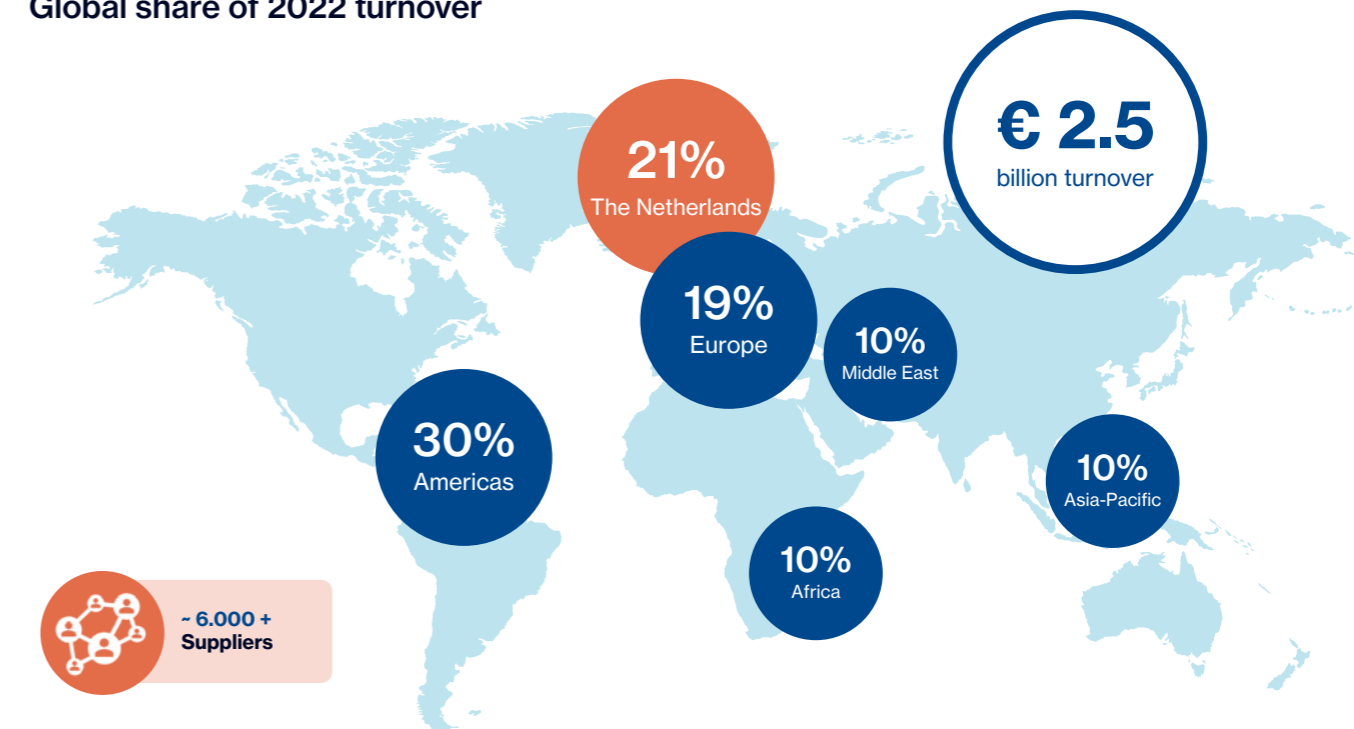


We refer to our website for up-to-date information on market position, vessels sold and delivered, offerings, and financial performances or latest figures.

Employee overview



Global share of 2022 turnover



Sustainability Compass



5-Year Strategy plan

The business environment in which Damen Shipyards operates is rapidly changing, characterised by an extremely dynamic macroeconomic context and a quickly changing maritime domain. In light of these challenges, Damen needed a long-term horizon beyond its traditional planning cycle to address urgent matters and achieve its strategic goals.

Damen has identified several urgent matters that require an integrated group approach to reach its mission: becoming the most sustainable maritime solutions provider. These include translating the company's four strategic themes (sustainability, digitalisation, customer centric and operational excellence) into actionable plans by divisions, creating a framework for the divisions to plan their business and strategic objectives, and ensuring that previous strategic initiatives are fully implemented.

To achieve these goals, a corporate view was formulated on key strategic elements affecting the whole group, such as strategic partnerships, future positioning in key growth markets, and leveraging the synergies of being a group. Additionally, a long-term view on the external market was developed to achieve sustainable profitability, adaptability, and flexibility to anticipate market changes and stay relevant amid megatrends and technology changes.

Developing a 5-year strategy plan has given Damen a clear strategic focus, resulting in better decision-making and priority setting. The plan will improve the company's business plan cycle for multiple years, both internally and externally, and help Damen improve its position in the market. For performance monitoring and reporting, a PMO structure has been adopted, and regular update meetings are held to report progress to the Executive Board.



Sustainability Compass

As part of the 5-year plan, Damen has updated its sustainability strategy and launched the sustainability compass. Each pillar of the Sustainability strategy has SMART objectives formulated within the compass (visible on each main page of the compass, later in this report). The sustainability strategy is fully integrated into Damen's business plan, and the company is committed to aligning its actions with its material topics, as shown in the simplified materiality matrix presented below.

To formalise reporting and monitoring of sustainability initiatives, sustainability has been integrated into the global PMO structure. The CEO owns the Sustainability stream, and regular reporting is provided to the Executive Board directly or through the strategic steering committee. The Sustainability



Manager leads the Sustainability stream and is supported by an Operational Steering Committee (OSC).

The Sustainability OSC oversees sustainability initiatives, including controlling deliverables, budgets, and projects. They review the prioritisation of initiatives to ensure that the company realises its objectives and adheres to guiding principles and priorities. The committee is also responsible for change management and proactive decision-making. Additionally, the Divisions Sustainability Leads ensure that the sustainability strategy is aligned across divisions and rolled out accordingly.



Sustainability Compass

The strategy at Damen is rooted in the company's unwavering commitment to sustainability. Damen recognises that achieving sustainable development is an ongoing journey, one that demands the involvement of every level of the organisation. Damen therefore prioritises a culture of engagement that empowers all employees to play a part in its sustainability efforts, from top-down leadership to bottom-up collaboration.

To realise its sustainability goals, Damen closely monitors legal and compliance regulations, and continuously measures and reports its performance against clear targets. The company also proactively takes steps to reduce its environmental footprint, while prioritising safety, promoting a healthy work environment, and upholding diversity and human rights. Additionally, Damen makes it a priority to engage with the local communities where it operates.

Damen firmly believes that sustainable solutions are the key to the future of the maritime industry. The company is dedicated to supporting its clients' sustainability goals by spearheading the development of eco-friendly ships, equipment, and services through innovation, standardisation, technology collaboration, and strategic sourcing. Furthermore, Damen remains fully committed to integrating the principles of circular economy into its solutions, with the aim of achieving a more sustainable future for the maritime industry. Damen's focus is on conserving resources, minimising waste, and maximising value, as it works to create a more sustainable world. Damen's strategy on sustainability is based on three pillars in order to be closely aligned and integrated into its daily business routines. The company believes that only a comprehensive integration of the sustainability topics into its daily work can lead to a successful transformation of its business. Each pillar has its own associations with the Sustainable Development Goals to which Damen has committed and its material topics.

Sustainable organisation

› Fostering engagement and leadership.

To become the leading sustainable maritime solution provider, Damen focuses on embedding sustainability principles throughout its entire organisation. A clear message from the top is essential and therefore each Division is requested to demonstrate its sustainability commitment as part of its strategy. Communication is a key factor in achieving this goal, and every employee is informed of the company's sustainability ambitions and expectations, as well as how they can contribute to these goals.

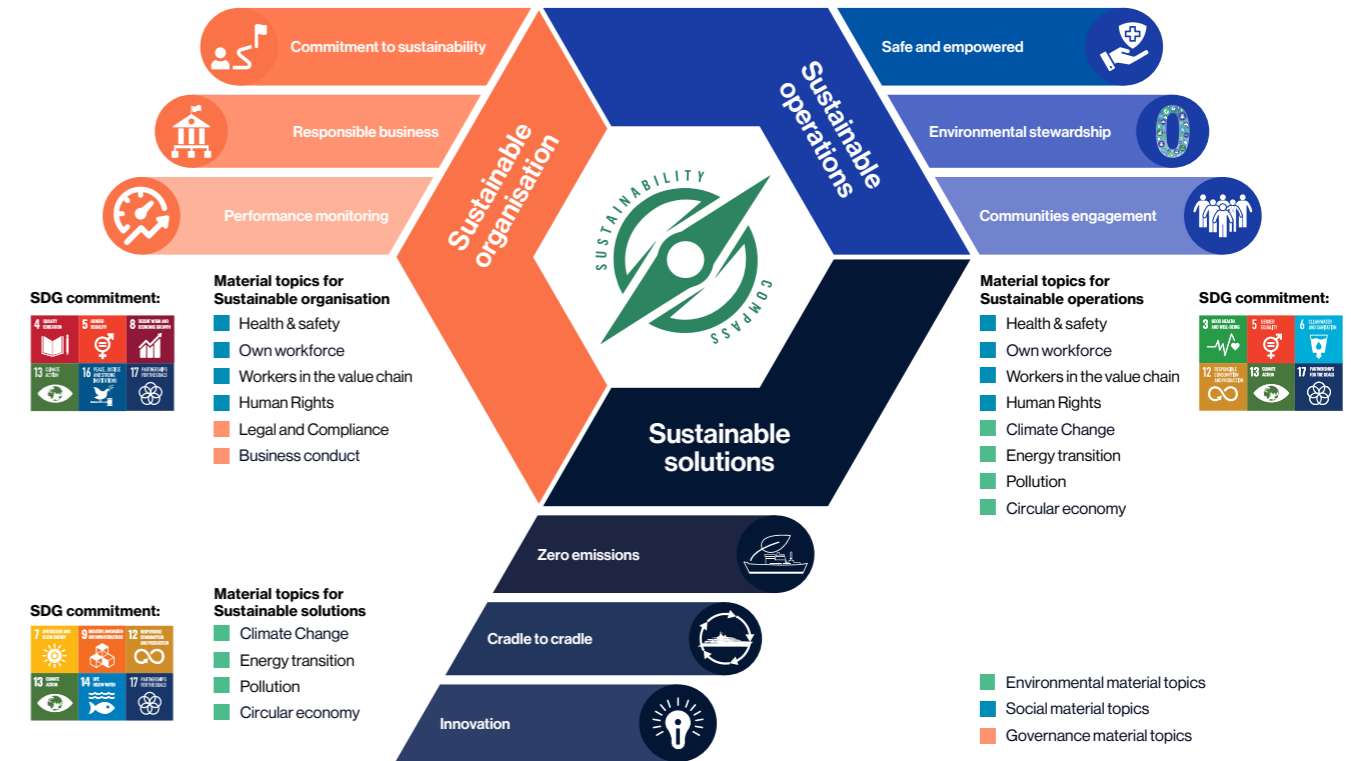
Part of getting employee engagement is through building a diverse team with special attention on gender equality and integrating the next generation into the industry. The company is committed to representing the society around it and creating a sustainable future.

› Sustainable and Ethical Business Practices.

Damen is committed to legal compliance and closely monitors regulations throughout its value chain. The company takes proactive measures to meet and exceed these standards, including ensuring employee awareness and training, and carefully assessing suppliers and partners.

› Prioritising Transparency and Accountability

Transparency and sustainability are also top priorities at Damen, and the company reports on its non-financial performance to demonstrate its commitment. Damen is investing in measuring its CO2 footprint and engaging its supply chain in greenhouse gas reporting to ensure compliance with upcoming regulations.



Sustainable operation

› Safe and empowered

Damen is committed to ensuring that its operations have a positive impact on the people and the environments in which it operates. Damen acknowledges that it cannot expect its employees to engage in sustainability if it does not first ensure that it operates in ways aligned with its ambitions. This means taking responsibility for the impact Damen has on its own employees. Damen strives to operate sustainably by prioritising safety, creating a healthy work environment, fostering a diverse and inclusive team, and respecting human rights.

› Minimilising Damen ecological footprint

Damen is dedicated to reducing its environmental footprint by significantly reducing CO2 emissions (55% reduction by 2030 and net zero by 2050) and engaging with the Science Base Targets, minimising water and waste, and eliminating (accidental) pollution.

› Communities engagement

The company's efforts to engage with the local community around its operations aim to stimulate local business through

its employees, suppliers, and co-makers, reinforcing the aim to be One Damen.

Investing in the local communities where it operates is a key aspect of Damen's approach to CSR. By doing so, Damen strengthens its connection to the local community and reinforces its commitment to being a responsible corporate citizen.

Design for Sustainability

› Toward a Zero-Emissions Future

Damen develops adaptable green solutions, reducing emissions and operating costs while improving energy efficiency and gaining a competitive advantage. The company's ultimate objective is to work towards zero-emission vessels and provide comprehensive lifecycle support to ensure long-lasting, sustainable solutions. Damen's solutions are future-ready, incorporating the use of alternative and renewable energy sources.

› Circular Solutions

Design for sustainability goes beyond just being environmentally conscious, it also involves circular design.

SUSTAINABILITY COMPASS

Shifting from a linear approach to circular business models. Damen's Financial Services, Repair & Services, Trading, DMS, Conversion & Decommissioning all offer potential for circular solutions.

➤ Innovation in partnership

Innovation is key to a sustainable future. With the world changing rapidly, Damen prioritises adapting and integrating

new technologies into its designs for future success. That's why Damen invests in its internal Research and Development team and works in partnership with different companies from start-ups to well-known leading businesses. Damen vessels are a sign of quality, and the company is committed to driving innovation in the industry to create sustainable solutions for the future.



- SDG 3 – Good health and wellbeing
- SDG 4 – Quality education
- SDG 5 – Gender equality
- SDG 7 – Affordable and sustainable energy
- SDG 8 – Decent work and economic growth
- SDG 9 – Industry, innovation and infrastructure
- SDG 11 – Sustainable cities and communities
- SDG 12 – Responsible consumption and production
- SDG 13 – Climate action
- SDG 14 – Life below water
- SDG 16 – Peace, justice and strong institutions
- SDG 17 – Partnership for the goals

Our commitment with the SDG's is fully integrated in our sustainability roadmap to ensure full alignment with our internal initiatives and key performance indicators.



Damen's commitment to the SDGs is fully integrated in the company's sustainability roadmap to ensure full alignment with its internal initiatives and key performance indicators. This figure shows the overall impact Damen is having on the SDG it has committed to.





Sustainable organisation

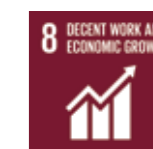
Material topics

Social topics

- Health & safety
- Own workforce
- Workers in the value chain
- Human Rights

Governance topics

- Legal and Compliance
- Business conduct



Sustainable organisation

1

› Damen's commitment

Damen is committed to embedding sustainability into every aspect of its business, now and in the future. Damen pledges to continue its leadership commitment to sustainability, engage and empower its employees to act as sustainability champions, comply with all relevant regulations, and implement accurate monitoring systems to ensure transparent reporting of its sustainability performance. Damen strives to be an example in the maritime industry.

› Damen's 5-years objective

Within the next five years, Damen will establish a culture of sustainability throughout the organisation by demonstrating unwavering leadership commitment, engaging and empowering employees, ensuring compliance with relevant regulations, and implementing accurate monitoring systems to enable transparent reporting of its sustainability performance.

» Highlights 2022

In 2022, Damen made significant progress towards creating a more sustainable organisation by focusing on fostering a culture of sustainable commitment, ensuring legal and compliance regulations are met throughout the value chain, and implementing robust measurement, monitoring, and reporting processes to track performance against clear targets.

To foster engagement within the organisation and promote sustainable practices, Damen integrated sustainable practices into its business strategy, implemented various communication channels, and established a network of ambassadors who play a vital role in supporting sustainability efforts. Damen also put DE&I on the agenda and published its commitment to this important issue.

The Legal, Compliance, and Risk team expanded, established an internal audit function, to better investigate eventual whistleblower complaints, and implemented a KYC programme. Damen implemented a Group Risk Management function, developed a comprehensive human rights policy, and assessed over 200 suppliers using a due diligence assessment tool to monitor ESG compliance in the supply chain.

Damen collaborated with digital partners to select relevant digital tools to measure sustainability performance and reporting, and initiated the work towards defining a net-zero strategy and aligning with the Science Based Targets initiative.

Damen established a clear governance structure for sustainability across the organisation, with Sustainability Leads in all divisions, and started a knowledge and sharing platform. Challenges were encountered in gathering information and data from all entities, which will be addressed in 2023 with the support of Sustainability Leads and Digitalisation.

Overall, Damen's efforts in 2022 have helped to strengthen its commitment to sustainability, ensure legal compliance, monitor compliance, assess human rights impacts, track, monitor and re-evaluate the supply chain on sustainability, and establish a clear governance structure for sustainability. Damen remains dedicated to empowering its employees, supporting its divisions, and promoting sustainable practices in all aspects of its business.





COMMITMENT TO SUSTAINABILITY

› Damen's ambition

To become a global leader in sustainable and diverse shipbuilding by 2028, Damen will work to embed a culture of sustainability and diversity throughout its organisation, with a focus on top-down leadership commitment, employee engagement, and a diverse and inclusive team. Damen will strive to create a workplace where sustainability and diversity are core values, and where employees at all levels are empowered to contribute to the company's sustainability journey and help build a more diverse and inclusive organisation.

› Damen's 5-year objectives

Develop a culture of sustainability within all Damen by fostering top-down commitment from leadership, engaging employees at all levels, and building a diverse and inclusive team that is dedicated to our sustainability journey.

› Targets 2027

1. Develop and publish a comprehensive Damen Sustainability Strategy that includes clear definitions, governance, and guidelines.
2. Integrate sustainability into all relevant policies and reporting cycles, including quarterly Executive Board-Division meetings.
3. Define and integrate sustainability objectives into the job descriptions of all employees.
4. Develop and implement a communication strategy on sustainability that includes regular updates to stakeholders and the public.
5. Support Diversity & Inclusion initiatives through active participation in relevant projects and programmes.

› Update on targets in 2022

1. A comprehensive Damen Sustainability Strategy has been defined and published online, which includes clear definitions, governance, and guidelines. Damen Sustainability strategy has been integrated to the Damen 5-year plan.
2. Sustainability has been integrated into relevant policies and reporting cycles, including quarterly extended Executive Board meetings.
3. Sustainability objectives have been defined for all job functions and efforts will now be made to include this in all the job functions.
4. A communication strategy on sustainability has been developed and implemented, including regular updates to stakeholders and the public.

5. Damen has actively participated in a Diversity & Inclusion project in cooperation with HR, which has included the development of new initiatives and programmes to promote diversity and inclusion throughout the organisation.

› Highlights 2022

Fostering engagement within the organisation to promote sustainable practices.

In 2022, Damen made significant progress in fostering engagement and commitment to sustainability throughout the organization. Damen firmly believes that its employees play a crucial role in realising its sustainability objectives and empowering them to contribute to its shared vision is a key component of the company's strategy.

To achieve this goal, Damen has taken steps to integrate sustainable practices into its business strategy. Damen recognises that each division has an important role to play in the transition toward sustainability, and is glad to see their engagement taking a leap in the right direction. Change is only possible through the collective efforts of individuals. To foster engagement, Damen has implemented various communication channels, including events, e-learnings, animations, newsletters, workshops, and "Shine" meetings where colleagues from different divisions and departments can share and align on sustainability-related topics. Through these channels, Damen encourages open dialogue and promotes a shared understanding of sustainability objectives. Damen is supported in its efforts by an active network of ambassadors who play a vital role in supporting the company's sustainability efforts, promoting best practices, and advocating for sustainable solutions to their colleagues at all levels. Damen recognises that to engage its workforce in sustainability, it must ensure that the workforce represents the diversity of the world. This includes promoting diversity, equity, and inclusion (DE&I) and encouraging the integration of the next generation into an industry that has long been steeped in conservatism. In 2022, Damen put DE&I on its agenda, and published its commitment to this important issue in the first part of 2023.

Overall, Damen is proud of the progress it made in 2022 towards fostering engagement and commitment to sustainability throughout the organisation. Damen remains dedicated to empowering its employees, supporting its divisions, and promoting sustainable practices in all aspects of its business.

Divisions commitment

➤ **Damen Workboats**

In 2022, Workboats demonstrated again its unwavering commitment to sustainability. Clients increasingly asked for sustainable propulsion options with shorter delivery times, and Workboats responded by successfully completing challenging projects, including the delivery of its first full electric RSD-E 2513 Sparky. This achievement garnered worldwide attention and highlighted the Division's dedication to the energy transition, which benefits the fight against climate change, two of Damen's main materiality topics.

Building on this success, Workboats is proud to have made the decision to build four more electric tugs and intensify the number of hybrid options in their portfolio. It has also prioritised the development of a sustainable product portfolio, as outlined further in this report.

Workboats continue to focus on digitalisation and sustainability, with a strategy that prioritises the series construction of smart-configurable standard products and the drive for operational excellence. In addition, it established a new product group to strengthen their position in the low emission public transport market.

Looking ahead to 2023, Workboats has a positive market outlook, with continued activity in key markets and steady demand. To meet this demand, Workboats will focus on reducing costs through operational excellence, launching major digital programmes, scaling up production capacity, and preparing its designs for alternative fuels such as methanol. It will also extend the application of its modularised electric propulsion system and move ahead with advanced automation and digitalisation on board.

Workboats aims to have zero emissions or carbon-neutral alternatives of all its standard vessels available by 2030, in alignment with DS Group's vision and strategy on energy transition and climate change. To achieve this, Workboats will prioritise 'People & Performance' as a critical element in all their operations and improvements, recognising the importance of their workforce and workers in its value chain, two other major materiality topics of Damen.

Overall, Workboats is committed to sustainability and the development of a sustainable product portfolio that will meet the needs of its clients and the planet.



➤ **Damen Yachting**

Despite the challenges faced in 2022, Damen Yachting remains steadfast in its commitment to sustainability. The division recognises that sustainability is a critical issue facing the yachting industry, and it has taken steps to minimise its environmental impact and promote social responsibility.

As an integrator, Damen Yachting is committed to ensuring sustainable sourcing as a major step in its sustainability agenda. It actively participated in the group programme to select and implement a specific sustainable Due Diligence tool for the Damen group. This demonstrates the division's commitment to ethical and responsible sourcing practices, including eliminating human right violation risk.

Damen Yachting has also made a significant commitment to phasing out the use of teak on its superyachts. While the division currently has teak in stock to last, approximately, for the coming three years, it aims to use sustainable alternatives after that. The division is currently investigating alternative solutions with similar qualities, but without the negative environmental impact associated with traditional teak harvesting.

In addition to its efforts to reduce its environmental impact, Damen Yachting is also committed to promoting social responsibility. The division is dedicated to promoting gender equality and diversity in the maritime industry, with a gender-

equal management team and a commitment to inclusivity in the workforce. Damen Yachting is also reaching out to education establishments to connect with the talents of tomorrow in a gender-balanced manner, with the aim of providing support for interns and offering long-term employment opportunities.

Damen Yachting recognises the importance of preparing for the energy transition and is committed to reducing its climate impact. The division has integrated Hybrid by Amels technology into the Amels 60 and Amels 80 yacht series as a bridging solution towards the implementation of proven zero emissions solutions in the future. The positive results have confirmed that there is a potential for alternative fuel use in the yachting sector. By using less energy-dense fuels, there is an opportunity to reduce the division's carbon footprint.

Furthermore, Damen Yachting engages with the local community on many levels. The division provides high-quality employment opportunities for the local population, helping to preserve the institution of shipbuilding in the Vlissingen area. The division is also committed to minimising its environmental impact, including monitoring and reducing its noise levels associated with the creation of its yachts.

By promoting sustainability and social responsibility, Damen Yachting is leading by example in the yachting industry.





➤ **Damen Offshore & Specialized Vessels**

The OSV Division at Damen is committed to sustainability and has made significant efforts to reduce emissions and support the energy transition. In addition to investing in reducing emissions from its products and yards, the division is also focused on supporting its employees and the local community.

One of the division's main priorities in 2022 was to provide support to employees and their close relatives during the crisis caused by the war in Ukraine. This demonstrated the close-knit nature of the division's workforce and the commitment to taking care of its people.

In terms of reducing emissions, the division has been investigating the potential to reduce the emissions of its offshore support vessels. With the development of wind farms worldwide, the division sees an opportunity to develop purpose-driven vessels that can support the energy transition. To achieve this, the division is focusing on hybrid solutions and optimising energy use during and between operations.

The division is also looking into the production of clean hydrogen offshore and the development of charging stations at wind farms. The division is working on optimising vessel design to ensure they can sail on clean hydrogen and also converting engines for methanol once the market is ready. This should reduce emissions by up to 85% with the potential to reach zero with clean methanol.

The division is also developing a fully electric version of its Service Operations Vessel (SOV) as part of its commitment to zero emissions offshore operations. The project requires the development of charging stations offshore and is an example of partnership.

In addition, the division is in the preliminary stages of developing a lifecycle sustainability assessment to calculate the carbon footprint of its products over their entire lifecycle. This assessment will take into consideration every aspect of construction and operation, including the production of materials, the emissions created by transport, the recycling at the end of life, and everything in between.

Finally, the division is looking closely at the sustainability of its yards in Romania and has appointed a dedicated environmental specialist at the head office to support the yard on their sustainability journey. The division has also created a dedicated team at its Galati location, resulting in positive results that will be demonstrated later in the report.

Overall, the OSV Division at Damen is fully committed to sustainability and is taking significant steps to reduce emissions and support the energy transition in its product and operations.

➤ **Damen Shiprepair & Conversion**

Damen Shiprepair & Conversion (DSC) is deeply committed to sustainability and actively supports the energy transition in the projects it undertakes. As part of the division's efforts towards greater sustainability, DSC focuses on maximising the life of ships, repurposing them, and converting existing tonnage to more modern, cleaner performance to promote the circular economy.

In 2022, the DSC Holding management team worked with all European DSC entities to define a new medium-term company strategy that aligns with the group strategy. Sustainability is a key strategic pillar, with a focus on energy transition and climate change (green yards and green products), as well as on the workforce and the value chain (green people). To implement this strategy, four workgroups were formed to define specific actions, and twelve recommendations for action were transformed into practical invitations for local management to participate in the implementation of the strategy. These initiatives were launched under the name 'mini-pack', and the roll-out process began in October.

The main DSC objectives for 2023 are to ensure the safety of everyone who works at DSC yards and working locations and

to implement the twelve initiatives that support the divisional and group strategy. While the company acknowledges that incidents have highlighted the need for greater emphasis on health and safety, particularly in the value chain, it is actively working towards improving safety practices.

DSC is also working to future-proof its yard(s) and define the Green DSC yard(s) of the future. Main projects include electrical upgrade at the yards, reuse of residual heat and shore power stations to reduce significantly the GHG impact of vessels during repair activity, positively influencing local air quality. At its Dunker yard, the Division is also working on an efficient painting robot with the capacity to considerably reduce air pollution, volume of paint used and waste.

The company aims to offer clearly defined, value-adding, green solutions to its clients and promote measurable performance improvements in vessels through green modifications and/or services. With these efforts, DSC is fully committed to sustainability and making significant strides towards a more environmentally friendly future for the shiprepair industry.



► **Damen Naval**

Damen Naval features a number of characteristics unique within the Damen Shipyards Group. It is the only division whose clients are exclusively governmental. Also, it is the only OEM for its product types within the Netherlands. As such, while continuing to follow group guidelines, the division takes additional responsibility upon itself for its CSR and ESG activities and reporting.

Sustainability is a core focus of the division. Its clients, as public bodies, are extremely focused on ESG topics and expect Damen Naval to consistently aim higher in such matters. Plus, in delivering products that protect national sovereignty, the division is providing its clients, mainly NATO and EU navies, the means by which to sustain probably the most important ecosystems on our planet: the oceans. Navies and coast guards are the most prominent upholders of maritime security and maritime rule of law (in itself often linked to sustainability and environment).

The importance of this has been underlined by recent geopolitical events, which have considerably increased political consideration of such matters. The most notable example of this is the current war in Ukraine, which has raised much more awareness and support of increased NATO and EU defence spending and encouraged wider membership of the organisation.

Damen Naval is restructuring. While primarily a necessity to tackle the substantial growth of the division (personnel, order back log), the restructure also positions Damen Naval better to promote environmental sustainability. As a result of the changes, Damen Naval has refined its strategy. As part of this, the division is working in a close relationship with its launching customer, the Royal Netherlands Navy (RNLN) towards innovation.

This increasingly involves sustainability topics. In collaborating in this, Damen Naval and the RNLN are innovating solutions that will have a positive environmental impact. These include

consideration of new types of propulsion and alternative fuel. The division is in fact currently cooperating with another Damen division to develop a series of vessels for the RNLN that will have to sail on alternative fuel.

Other work is going into increasing automation and reducing underwater noise; not only for the traditional purpose of reducing likelihood of submarine detection, but also to protect marine life. The partners are also considering such things as use of alternative materials for ship construction in order to reduce weight and thereby fuel consumption and emissions, as well as the development of more sustainable painting systems.

Damen Naval has also appointed a sustainability ambassador to support its efforts and alignment with the group strategy. As part of these actions, the division has developed a policy plan, which requires the setting of KPIs towards improved CSR performance, which is a fixed agenda item at quarterly management meetings.

Additionally, the division has in place a robust procedure via DNV with which it maintains its ISO accreditations, including ISO 14001. This requires regular measurement and reporting of performance and progress in both production and office environments. To date, the division has a 100% track record in maintaining its environmental certification.

Damen Naval takes care to ensure that its suppliers are aligned with its values with regards to sustainability. It does this via participation at the group level in a supplier evaluation programme using IntegrityNext. More information about this programme can be found on page 68-69.

With its long history of operations in the Province of Zeeland in the southwest of the Netherlands, Damen Naval feels a strong sense of responsibility to the local community and is working alongside the local authorities to help reframe the image of the region (page 97)



► **Damen Financial Services**

2022 has seen Damen Financial Services' strategy of working with investors comes to life. A partnership with Purus Marine (80% Purus Marine, 20% Damen) found multiple collaboration territories, notably in public transport and offshore wind, both of which are pioneering sectors in alternative vessel propulsion.

Pioneers in alternative propulsion

Public transport in particular is attracting subsidies that enable investment in new technology. Meanwhile, offshore wind is creating some very interesting opportunities for Damen to develop new propulsion systems. An example of this is the CSOV that Damen will deliver to Purus Marine in 2026. You can read more about this vessel on page 112-113.

The division is developing an ESG reporting system that will inform clients of, e.g., their emissions and enable them to gather data for optimal use of the vessels and reporting purposes.

Damen Financial Services is working hard to get new, cleaner vessels on the market, taking on a role as a catalyst for maritime sustainability. The division is, for example, encouraging investment in new, more sustainable vessels via its financing strategy. For example, the division is making equity and lifelong leasing available for electric, zero emissions vessels, whereas it is limiting lease length and equity for older vessels.

The division is moving towards a business model of servitisation, attracting clients with pay-per-use models. To accommodate this, it established an operations department during May 2022, almost doubling its number of FTEs in the process (see page 32-33). The rest of the year was spent preparing for the integration all of the group's short-term rental and chartering operations as of January 2023.

It is the aim of the division to use modern, clean vessels to showcase the possibilities for sustainable shipping technology. In this manner, the division seeks to advertise the benefits of efficiency, thereby supporting the other divisions of Damen.

To achieve these aims, Damen Financial Services is frequently the launching party for new Damen vessels. This is a sustainable business model for the entire group; it enables the small-scale investment in new projects and technologies as a test case, paving the way for greater investment if successful.

During 2022, the division commenced development of a Green Refit Tool. With this, clients are able to determine the costs of retrofitting sustainable solutions, how these solutions will impact on operational expenditure and the time taken to recoup the investment.

Also, during last year, Damen Financial Services helped to structure covered working capital facility, helping to advance Damen's work on sustainable vessels.



► **Damen Maritime Ventures**

The Damen Maritime Ventures division (DMV), as a portfolio oriented business, is contributing to the sustainable, digital and operational excellence ambitions of the Damen Group in several ways. It is an integral part of DMV's annual policy planning procedures, during which each venture is required to submit a policy plan. The plan must demonstrate a contribution to Damen's three strategic pillars up to actionable KPIs.

Sustainability high on the agenda

Being a young division that started three years ago, Damen Maritime Ventures saw a strong need to guide and align all strategic efforts of the ventures in the portfolio. DMV observed

that the majority of ventures submitted sustainability proposals with a focus on design, and therefore, environmental improvements, which have been made even more tacit in the last years. To advance a broader interpretation of sustainability, the division has increased communications on strategic, tactical and operational effort in fostering collaboration within the DMV portfolio as well as with other divisions and partners.

DMV utilises multiple modes of collaboration to bring Damen's sustainable ambitions to the next level. Several ventures, together with R&D, focus on (pre)commercial developments for reducing carbon emissions or pollution. Other ventures are

fully focussed on sustainable solutions. The best example here is the Green Solutions business, where innovative new applications have been developed. DMV partners with startups through its corporate venturing activities. Many of these startups have great ideas on how to shape the future for good; Equinox and RunWell show what the future will look like.

The engagement of the division for sustainability can be demonstrated through numerous other initiatives presented in this report, such as the first Electric Multi Cat from Damen Shipyards Hardinxveld (page 114); the work on hydrogen from Concordia Damen (page 114); the efforts of Damen Green

Solutions (page 114) or wind harnessing for Cargo vessels (page 114).

With its efforts, DMV demonstrates that zero emissions is not only about CO2, but includes all aspects of the vessel.

With those continuous efforts, the division has attracted positive review, such as the Sustainable Shellfish award won by Damen Maaskant Shipyards Stellendam for its efforts toward a zero emission fishing sector (page 123).





› **Damen Services**

Local presence

A key element of Damen Services' operations is increasing Damen's local presence around the world. Primarily, this involves the establishment of Service Hubs in strategic locations to serve the needs of Damen's clients operating in the region.

Damen Services aims to optimise the local aspect of these hubs, providing employment opportunities in these areas. The division is looking to ensure that the Service Hubs are both staffed and managed locally.

For this, Damen Services has a process in place. Initially, a Damen manager, experienced with the company's culture and standards, is put in place to establish the local hub. A key part of the manager's responsibility, however, is to transfer knowledge to a local employee so that the management duty can be transferred quickly. This has already proven successful in several localities including the UK, Canada, South Africa, and Panama.

The results of these efforts can be seen in the make-up of Damen Services' personnel. From around 10%, permanent, locally based employees have risen to 25% of all division employees.

Furthermore, the Service Hubs seek to engage with local service providers wherever possible and where there is alignment with Damen's compliance and sustainability requirements. Not only does this provide an additional, indirect, boost to local employment, as well as to economic opportunity, it also reduces the amount of travelling required of Damen employees. As a result, the overall footprint of Damen activities is also reduced.

Digitalisation

A further area for the development of Damen Services' offering is digitalisation. The division is making considerable investment in digital solutions to expand and improve its support to clients globally. Recently, Damen Services has advanced its IT suite, ensuring its ERP capabilities are suited to the global nature of its operations.

An example of Damen Services' commitment to digital advancement is its acquisition of the IBM Maximo Asset Management solution. This has been integrated with the Damen Triton IoT platform. Triton collects data from sensors located around a Damen vessel to provide valuable systems and overall asset data.

Combined with the capabilities of IBM Maximo, this enables Damen Services to gather vessel data and configuration information, in order to fine tune maintenance and service scheduling for optimal efficiency.



Employee engagement

Damen Services has set up an ideation platform to increase employee engagement. The in-house developed Fund Your Idea application operates in the Microsoft Teams environment utilised by Damen Shipyards Group internationally.

Via the platform, colleagues can submit, and interact with, creative ideas for the development of the division and its solutions for clients. Each employee is allocated a 'budget', expressed in coins that the employee can choose to invest in the idea(s) presented to the platform. The engagement level can serve to highlight those ideas that have potential for further development.

B-Shore

Based on earlier employee input, Damen Services, together with MC Energy, has developed the B-Shore Power Connection System. This class-approved solution matches onshore facilities to a vessel's electrical connection requirements.

The B-Shore solution also protects the electrical system from drops in voltage levels and frequency, avoiding potential damage to on board equipment.

The primary benefit of the solution, however, is that by ensuring vessel access to charging facilities and safe, clean hotel power anywhere in the world, it contributes to a reduction in fuel consumption and emissions, notably improving air quality in port environments.





Sustainability materials overview 2021 - 2022



Events preparation 37



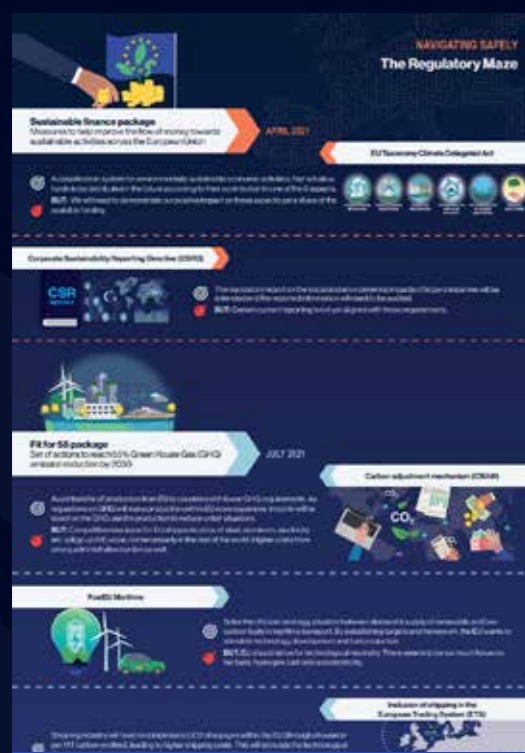
Presentations 64



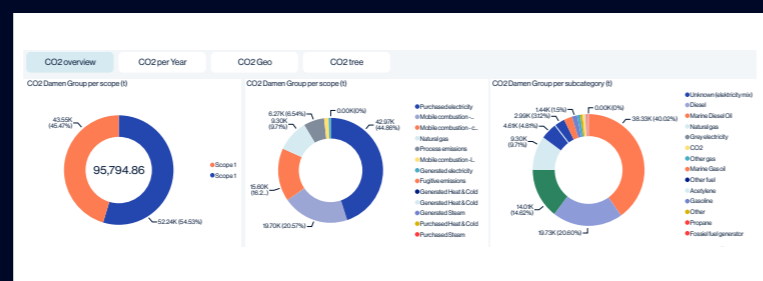
Pulse surveys 20



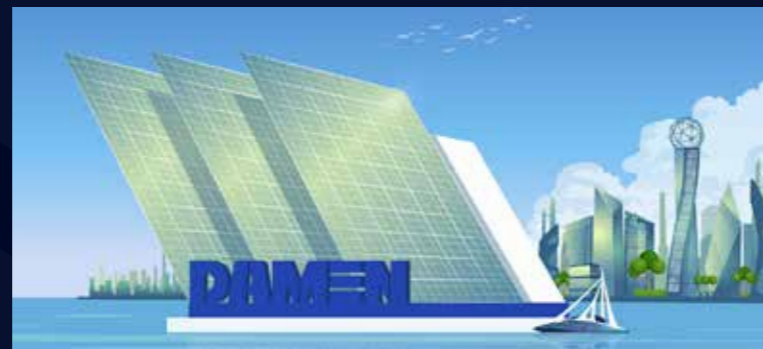
Posters and leaflets 6



Newsletters & mailing 21



Power BI support 7



Animation and e-learning modules 17

Communicating to drive Sustainable change

Communication with employees is a critical component of sustainability efforts within Damen. Not only does effective communication foster a sense of transparency and trust between management and employees, but it also creates a more engaged workforce that is more likely to support the company's sustainability initiatives. It also demonstrates a commitment and alignment of top-down strategy.

When employees understand the organisation's sustainability goals and the role they play in achieving them, they are more likely to feel invested in the company's success. This investment can lead to increased motivation, productivity, and retention rates, all of which contribute to a more sustainable business model.

Effective communication also provides an opportunity for employees to share their own ideas and insights on sustainability-related issues. By listening to their perspectives and incorporating their feedback into sustainability planning, companies can gain valuable insights into potential areas for improvement and innovative solutions.

Furthermore, communication can help ensure that sustainability efforts are aligned with employee values and priorities. Employees are often intrinsically invested in social and environmental issues, especially regarding local impact, and by involving them in sustainability initiatives, Damen can demonstrate its commitment to these causes and build stronger relationships with employees.

Effective communication can also help raise awareness about the impact of individual actions on the environment and

encourage employees to adopt more sustainable behaviours, both in the workplace and in their personal lives.

As Damen believes that communication with employees is a crucial element of any comprehensive sustainability strategy, the company relying heavily on its Marketing and Communications team to spread the word. By fostering a sense of transparency, trust, and engagement, companies can build a more sustainable business model that is aligned with the values and priorities of their staff.

The Damen Sustainability team is comprised not only of subject matter experts but also of communication experts. This dedicated support team is based in Ukraine (part of MDEM). Despite working remotely from multiple countries, the team have demonstrated great resilience in attending events and providing support for all Damen employees. The team was also heavily involved in ensuring the safety and well-being of Ukrainian colleagues and their families. The Sustainability communication support team is a crucial element of Damen's comprehensive sustainability strategy, providing expertise and support at all levels. It is an integral part of the organisation and contributes significantly to Damen's continued success.

Diversity, Equity, and Inclusion

Damen is committed to creating a work environment where everyone is treated with respect and dignity. To achieve this goal, the company conducted pulse surveys to gather information from its employees about how they currently feel about their work environment. Based on the results of these surveys, it was clear that improvements were necessary.

Damen is committed to creating a work environment where everyone is treated with respect and dignity. To achieve this goal, the company conducted pulse surveys to gather information from its employees about how they currently feel about their work environment. Based on the results of these surveys, it was clear that improvements were necessary.

With this in mind, Damen developed a diversity, inclusion, and equity policy. The company recognises and values the variety of cultures, backgrounds, and perspectives within its workforce; a diverse and inclusive workforce is critical to Damen's success. Damen's policy aims to create a work environment where all voices are heard and all employees feel valued, respected, and able to achieve their full potential.

Damen understands that most people do not fit into neat diversity silos and that there is more complexity to what makes each individual unique. As a result, the company has developed a policy that seeks to create an inclusive environment and provides equal access to opportunities and removes barriers in the form of discrimination or intolerance.

The next step is to create an implementation plan that allows all divisions to adapt to the policy and implement it in a way that best fits their team and needs. Damen recognises that different

teams have different needs depending on the work type and the location in which they operate. Therefore, the company wants each division to be responsible for implementing the policy tailored to its specific needs.

As it did in 2022, Damen will continue to conduct workshops and training to ensure that all employees understand the importance of diversity, inclusion, and equity. Damen aims to spread awareness about the benefits of diversity and inclusion and how it can positively impact the company. Damen wants to create a work environment where employees feel included and valued and where they look forward to working every day.

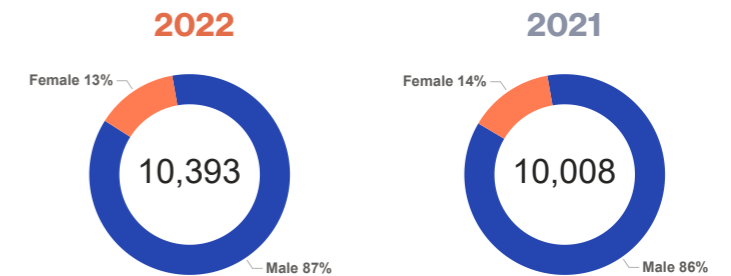
Creating a diverse and inclusive work environment is an ongoing process, and Damen is committed to prioritising it. The company recognises that developing the policy is just the first step, and that it must now work to ensure that it is implemented effectively. Damen will listen to feedback from its employees and make adjustments as necessary to ensure the policy's continuous improvement and success.



Overview of DE&I within Damen (for more details, please refer to the GRI table)

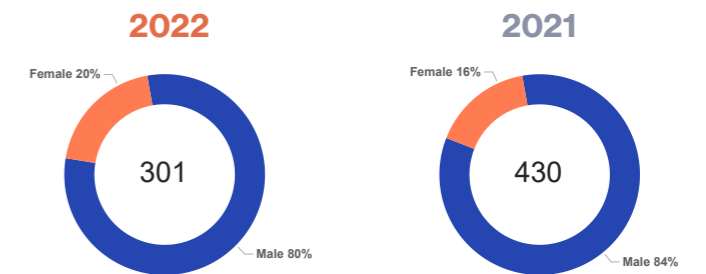
Employees by gender

While there was an increase in the total number of employees, the percentage of female employees has decreased compared to last year. This highlights the importance of continuing efforts to create an inclusive culture that welcomes colleagues of all genders.



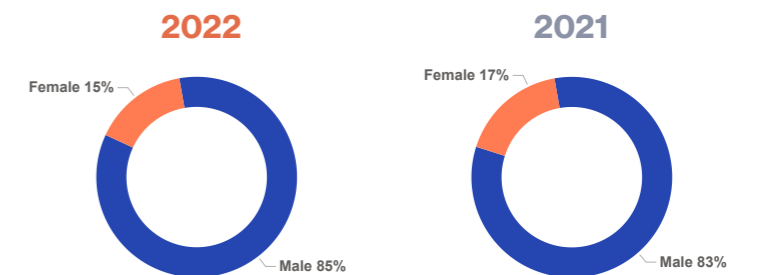
Diversity in management roles

It's encouraging to see that the percentage of females with management roles (budget holder) has significantly increased over the years, despite the overall lower percentage of female employees. This is a positive sign that Damen is moving in the right direction and can continue to improve.



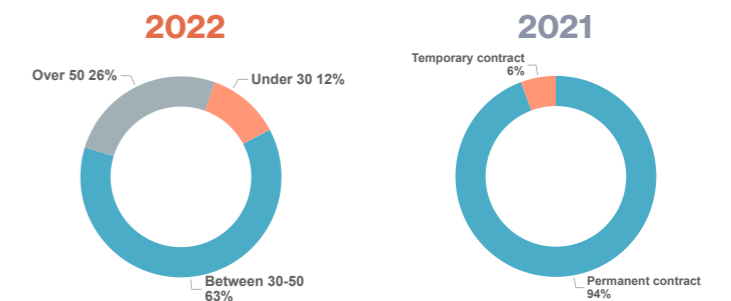
New employees by gender

Although there have been positive results in attracting female employees in certain areas, such as Damen Yachting, the company still needs to focus on increasing the number of young female employees overall.



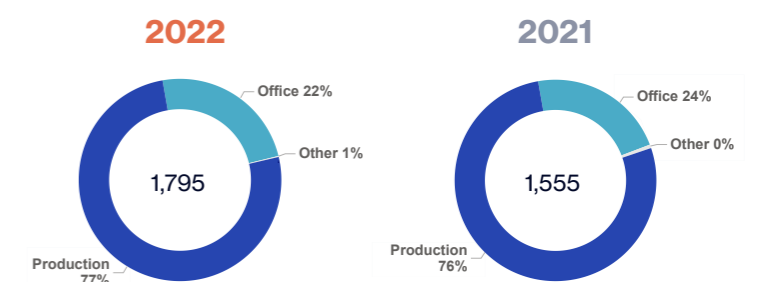
Employees by age

Damen has a good balance of employees of all ages, which is aligned with industry standards (and stable from previous years). However, the company needs to continue its efforts to attract and retain young talents to maintain this balance in the future.



Foreign employees (in general)

Damen has a diverse workforce, with about 15% of employees coming from different countries (not expat and not from the country of operations). It's important for Damen to prioritise diversity, equity, and inclusion to ensure that all employees feel welcome and supported.



Fostering Inclusivity and Diversity at the RD&I department

The primary focus of the Research, Development and Innovation department at Damen is sustainability. As part of this, the department is contributing to broader inclusivity and diversity at the company. Employed in the team are colleagues from ten different nationalities, with a wide age range and diverse religious backgrounds.

› A melting pot of talent

The department makes a conscious effort to enlist diversity as a means of creating a broad range of thought. This extends to helping these employees settle in the Netherlands, familiarising them with the country, supporting them in the search for accommodation and providing a bicycle for transportation to and from work, for example.

› Sustaining Dutch maritime skills

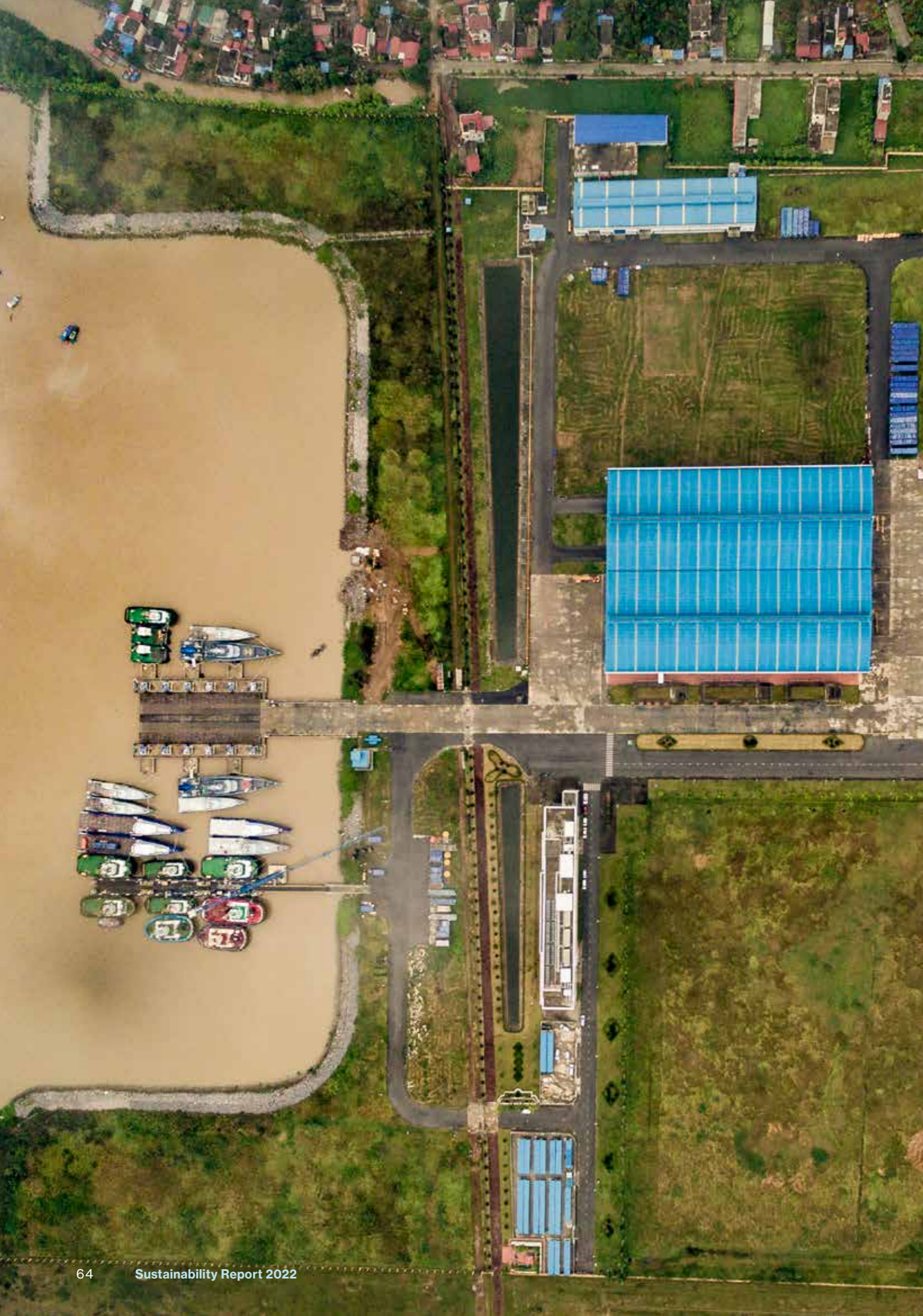
As many of these employees initially come to the Netherlands in order to study, this process also provides Damen with the chance to forge stronger connections with universities and knowledge institutes.

The department is also consciously striving to maintain the engagement of these employees, offering them training and development and an environment of perpetual challenge. In creating long-term employment opportunities for this talent pool, Damen is playing an important role in sustaining maritime skills and knowledge within the Netherlands.

› Reverse mentoring

The department has ambitions to develop a reverse mentoring process, whereby new talent coming into the organisation has a channel to provide input to longer-serving colleagues. This is seen as a way to establish what young talent is looking for in the workplace, to challenge the status quo in order to stimulate innovation and to make the best use of in-house talent.





RESPONSIBLE BUSINESS

› Damen's ambition

Damen is committed to upholding the highest standards of ethical and responsible business practices. Over the next five years, the company will work to ensure proactive and effective risk management, legal compliance, and monitoring of compliance throughout its value chain, with a focus on upholding human rights and conducting thorough supply chain due diligence. Damen's ambition is to be recognised as a leader in responsible and sustainable business practices, both within its industry and beyond. By 2027, Damen aims to have established comprehensive policies, processes, and systems to identify, assess, and manage risks related to legal compliance, human rights, and supply chain due diligence. The company will regularly monitor compliance to ensure adherence to these standards, and strive to stay ahead of legal and regulatory requirements throughout its value chain. Ultimately, Damen's goal is to build a culture of responsible and sustainable business practices that supports its long-term success and contributes to the well-being of its stakeholders and the wider society.

› Damen's 5-year objectives

Ensure proactive and effective risk management, legal compliance, and monitoring of compliance throughout Damen's value chain, with a focus on upholding human rights and conducting thorough supply chain due diligence.

› Targets 2027

1. Strengthen the collaboration and communication between Compliance, Legal, Risk, Supply Chain, and Sustainability teams, as well as other relevant functions.
2. Create and maintain an up-to-date overview of sustainability-related laws and regulations, and ensure compliance throughout the value chain.
3. Evaluate the economic, social, and environmental impacts of the value chain, and identify areas for improvement.
4. Track and monitor the sustainability performance of the supply chain, and re-evaluate assessment criteria when necessary.
5. Improve the sustainability of the supply chain by supporting suppliers and identifying and pursuing new opportunities for collaboration and innovation.

› Update on targets in 2022

1. Regular alignment meetings (share and align meetings) between Legal, Compliance, and Risk teams have been

established and are ongoing, resulting in stronger collaboration and communication between functions.

2. A quarterly newsletter is published with an overview of current and upcoming sustainability-related laws and regulations, providing Damen employees with timely and relevant information to ensure compliance.
3. A sustainable risk assessment directive has been developed, helping Damen to identify and manage sustainability risks throughout the value chain.
4. A tool has been selected and implemented to effectively perform due diligence in the supply chain, enabling Damen to monitor the sustainability performance of its suppliers.
5. In close cooperation between the Supply Chain and Sustainability teams, Damen has provided support to suppliers that want to upgrade their sustainability performances, resulting in measurable improvements and a more sustainable supply chain.

› Highlights 2022

In 2022, Damen made significant progress in this part of its strategy. The Legal, Compliance and Risk team expanded from two to ten members, with a focus on improving sustainable practices. The team established an internal audit function to handle compliance-related audits, investigated whistleblower complaints, and implemented a KYC (know your customer) programme. It also established a compliance network throughout the group and worked towards achieving ISO 37001 Anti-Bribery Systems accreditation. This helped to strengthen the relationship between Compliance, Legal, Risk, Supply Chain and Sustainability.

On the risk front, Damen implemented a Group Risk Management function, which assesses potential projects and advises the Executive Board on risks. This helped to evaluate the economic, social and environmental impact of Damen's value chain, which was one of the objectives for 2022.

Damen also developed a comprehensive Human Rights policy that reflects its commitment to social sustainability and includes a zero-tolerance approach to human rights violations. An implementation plan is being developed, and training sessions will be conducted for management and employees to spread knowledge on human rights and how to identify and report any violations. This helped to ensure legal compliance, monitor compliance, and assess human rights impacts, which were some of the objectives for 2022.

Finally, Damen's procurement department is actively engaging in the group's sustainability ambitions by implementing a due

diligence assessment tool to monitor ESG compliance in the supply chain. The department assessed over 200 suppliers by the end of 2022, and the programme will be expanded in 2023 to include over 2000 suppliers. This helped to track, monitor

and re-evaluate the supply chain on sustainability, and improve the sustainability of the supply chain, which were some of the objectives for 2022.

Legal, Compliance & Risk

Damen's Legal, Compliance and Risk team views its responsibility to interpret law and regulations and to present a series of internal policies and a framework to serve as a guide for correct practice to the group's management. The team reports to the Chief Counsel.

➤ Social and governmental focus

While the team's activities do have the potential to impact positively on the environment, its approach to ESG is particularly focused on the social and governmental aspects. The team has undertaken quite some steps towards improved sustainable practice during 2022.

➤ A fully operational compliance team

Considering the compliance aspect of its portfolio, the team invested in growth and quality, taking on additional team members. The team is now fully operational, with ten members – up from two in 2020.

Two of the new team members have been employed purely to oversee export compliance. This is largely a response to the Russia-Ukraine war and aims at ensuring Damen's compliance with all sanctions currently in place.

Additional developments include the establishment of an internal audit function. This role features two aspects; for the performance of financial audits, the Internal Auditor reports to the group CFO. However, when undertaking compliance-related audits, the internal auditor reports to the Group Compliance Officer. Within the latter arena, the function handles the auditing of third parties with whom Damen has business relationships, for example to ensure compliance with fraud and bribery-related regulations, especially in countries with a high-risk profile. The function has the additional responsibility to investigate whistleblower complaints. During the last year, responsibility for KYC (know your customer) has also been transitioned to the Legal, Compliance and Risk team. As a largely financial role, this has historically been handled by the Treasury department. However, with the

commencement of new regulations, and given that the team was already conducting KYC duties for compliance purposes, Damen considered that the function was now more at home in Legal, Compliance and Risk. Current geopolitical considerations also made the move expedient.

➤ Developing a group-wide compliance network

Also, during 2022, the team established a network of compliance personnel throughout the group. As a result of this, there is now a compliance contact person responsible for compliance in each of the group's divisions, thereby ensuring that the reach of the group's compliance ambitions is considerably greater than the nine persons employed by the holding.

➤ Ambitions for improved compliance

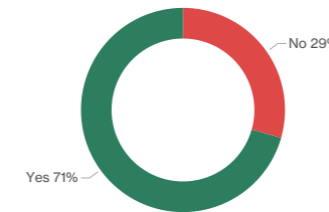
The team aims to build on this progress in the coming year, providing additional training, workshops, policies, and procedures to support the network. Another ambition the Legal, Compliance and Risk team is working towards presently is the achievement of ISO 37001 Anti-Bribery Systems accreditation.

➤ Risk reduction – building on a solid foundation

On the risk front, the Holding has implemented a Group Risk Management function. This function is currently chairing the Group Risk Board that was implemented in 2019. The Group Risk Board is a cross divisional structure that assesses potential projects (peer review) and advises the Executive Board on the risks associated with such projects. The Risk Board has proven to be a valuable tool, appreciated by internal and external stakeholders alike. It ensures more preparation is carried out before a project is undertaken, thereby minimising the danger of unforeseen occurrences. The cross divisional aspect of the board ensures a greater group-wide opportunity to take advantage of lessons learned. Ambitions for the Risk Board include subjecting it to an evaluation by its members in the coming year to establish potential improvement measures.

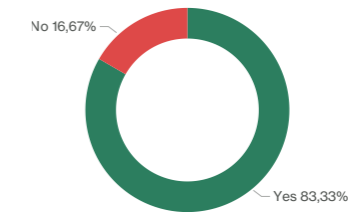
Legal & Compliance in number (refer to the GRI table for more information – this information was not measured in 2021 so there is no reference to previous years)

Dedicated legal and compliance on site:



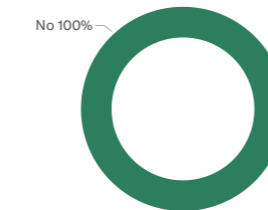
Damen is pleased to report that 71% of Damen companies included in this report have designated individuals responsible for legal and compliance matters, such as conflict of interest, anti-corruption, child labor, forced labour, and human rights. For other locations, the head office team provides support and supervision of all legal and compliance matters across the group.

Employees trained to the Code of Conduct



Damen is proud to have trained over 80% of its employees on the Damen Code of Conduct, which includes recognising and addressing potential issues related to conflict of interest, anti-corruption, child labour, forced labor, and human rights. Damen will continue to prioritise training for all employees to maintain progress in this area.

Legal complaints from official authorities received:



There were no official complaints from authorities regarding non-compliance and no legal proceedings against Damen in 2022. This highlights the company's commitment to adhering to legal and ethical standards and the effectiveness of its compliance efforts.

Legal proceeding for non-compliance



Human Rights

As a global company, Damen understands the importance of having a human rights policy that sets clear expectations for the Damen Shipyards Group N.V., its subsidiaries, employees and local communities the company operates with. Damen has taken the necessary steps to develop a comprehensive human rights policy that aligns with relevant laws and regulations and reflects its commitment to social sustainability.

Damen's human rights policy explicitly states the company's zero-tolerance approach to human rights violations, including but not limited to child labour, forced labour, unfair labour conditions, and discrimination.

An implementation plan is being developed to assign specific roles to all persons and relevant stakeholders to guarantee accurate and effective policy implementation while ensuring compliance. The aim is to conduct training sessions for

management and employees to spread knowledge on human rights and how to identify and report any violations.

Damen understands that some regions it operates in may pose higher risks than others, so the framework is designed to ensure a set standard across all operations. Damen plans to conduct regular human rights audits in its yards to ensure compliance with the policy. These audits will help identify gaps in the policy implementation, enabling Damen to take corrective measures promptly. Appropriate actions will be taken if any violations are identified, and consequences will be enforced to deter future violations.

Damen understands that implementing a human rights policy can have significant effects on a company's reputation; therefore, Damen takes it very seriously and prioritises it to ensure integrity. By prioritising human rights in its operations, the company demonstrates its commitment to social sustainability and its process to achieve its social sustainability goals.

Once the implementation plan is finalised, Damen will continue to actively strive for social sustainability by incorporating the policy into its supply chain. The company will monitor the implementation of the policy in all its operations, and is committed to being transparent and sharing its progress. By prioritising human rights in its operations, Damen can ensure that the dignity and well-being of all Damen employees, subsidiaries, and communities it operates in are respected and supported.



Purchasing with integrity

Damen's procurement department has a considerable role to play in ensuring the evolution of the group's sustainability performance. As an integrator of multiple types of systems and equipment on board its vessels, Damen is working with a large and diverse supplier network.

› Taking action on supply

While the company is taking steps to get its own house in order, to be truly sustainable, Damen believes, it must also take

responsibility for the actions of its supply chain. This is becoming increasingly important with the forthcoming onset of CSRD, which will require reporting on suppliers.

Damen had already taken steps to secure the sustainable performance of its supply chain, introducing a Supplier Code of Conduct a number of years ago. Now, the company is taking things to a higher level, having developed a Supply Chain Responsibility Programme. The programme allows the company to measure where its suppliers are in terms of sustainability and help advance the topic on their agenda.

› Next steps to integrity

Damen is working with IntegrityNext, a company helping businesses to meet ESG requirements, manage risks and improve supply chain responsibility. IntegrityNext provides a powerful suite of tools and analytics that enable Damen to track supplier performance, monitor key sustainability metrics and generate custom reports.

Damen has so far extended its programme to in excess of 300 suppliers, prioritising participants in order of company spend in order to achieve the largest impact in the shortest possible timeframe. Participating companies are asked a series of questions and requested to provide evidence to back up their answers. They can, for example, upload relevant certification to demonstrate compliance with regulations and standards.

› Monitoring standards

In these initial stages of the programme, Damen has commenced with monitoring suppliers' performance on topics that Damen feels should be of priority for all businesses. These are as follows:

- › Anti-bribery and corruption
- › Environmental protection
- › Human rights and labour
- › Health and safety
- › Supply chain responsibility
- › Energy management
- › Carbon footprint
- › Code of conduct

› Green to go

After suppliers' performance in these categories is assessed, Damen receives a report based on a traffic light principle. A green result indicates that the supplier is fully compliant. Amber indicates a possible sustainability risk, or the supplier has not yet completed the questions. Red indicates that the company presently poses a sustainability risk. A fourth colour – grey – indicates that the company has not yet completed Damen's request to participate in the programme.



The company sees this as the foundation stone to a broader approach in the future. Damen's next step is to use the IntegrityNext platform not only to identify risks, but to eliminate them.

› Group-wide approach

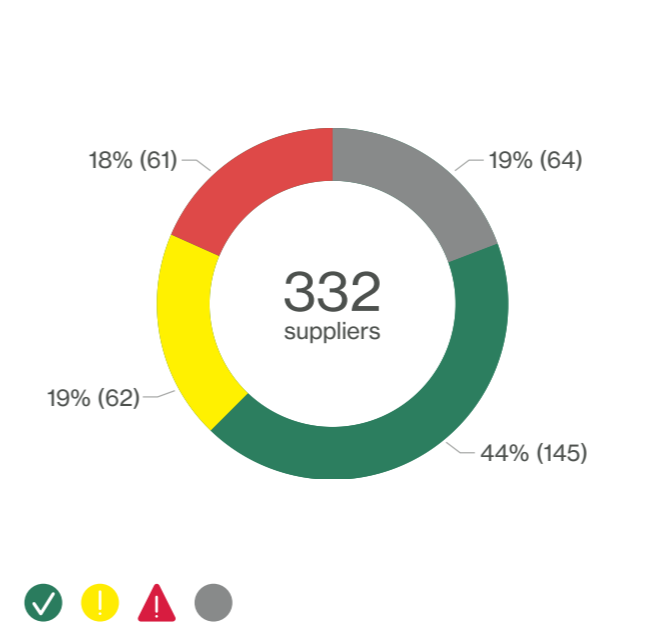
Preparing for this, the company has already identified its approach. Operating a division structure, Damen sees a potential challenge in ensuring a standard approach across the entire group of companies. To ensure consistency, Damen is building awareness of good practice and sustainable alternatives, not only in its supply chain, but internally. Damen's application of IntegrityNext, begun in 2022, is already yielding rewards. The company has used the tool to identify a

supplier of office furniture that shared its sustainability values. Using IntegrityNext's analytics, Damen was able to check that its supplier was operating cleanly and with due regard for labour conditions. Damen is now in consultation with the same supplier, with a view to their supplying furniture for vessels in the future.

› Roadmap to sustainability

Damen's suppliers have so far welcomed the company's approach to supply chain sustainability. They overwhelmingly identify the Supply Chain Responsibility Programme and IntegrityNext as a roadmap that offers them clear insights to inform decision making and stimulate change for improved performance.

Result overview of assessments

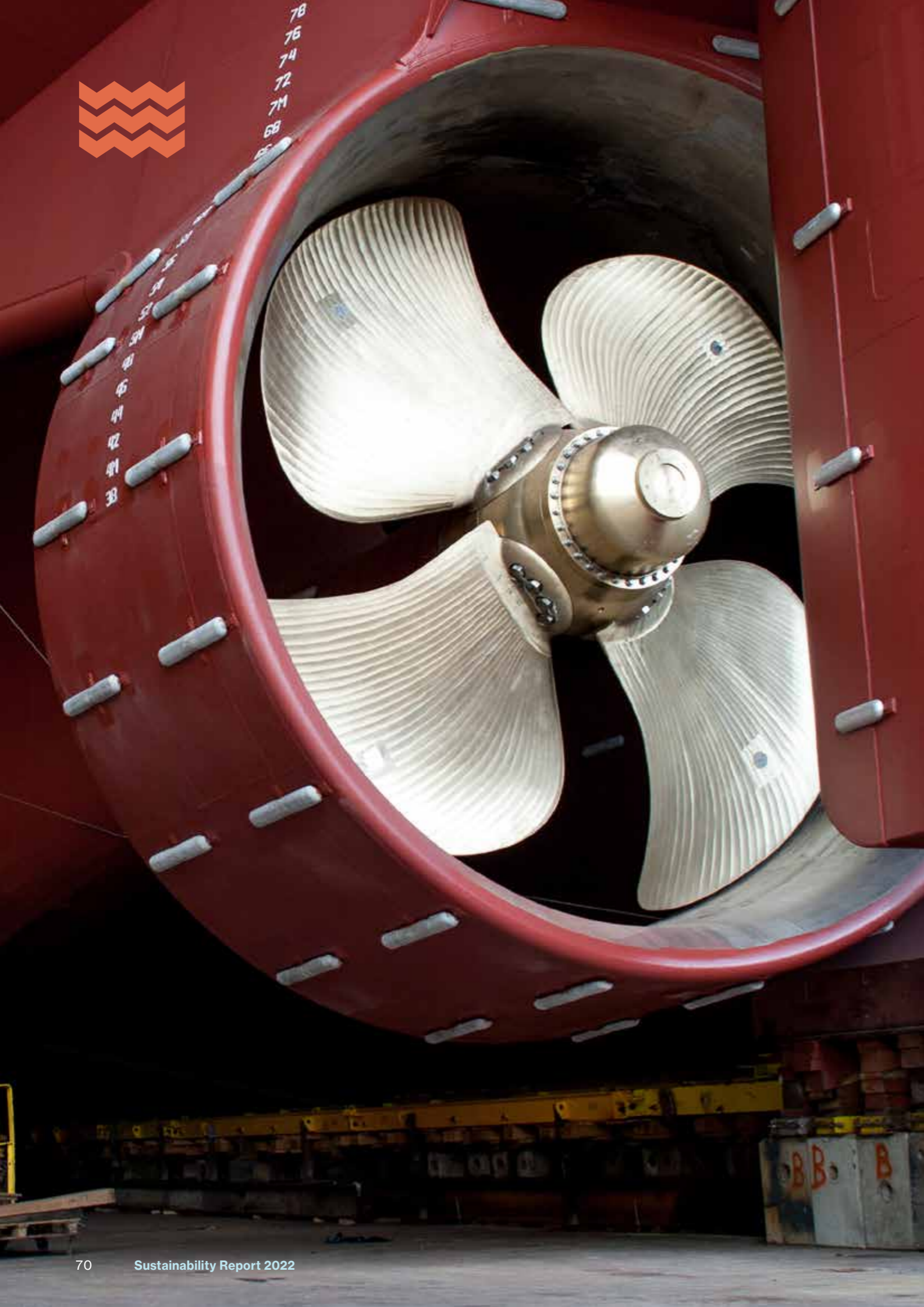


As part of the Damen Integrity Next assessment programme, Damen has seen an increase in the number of suppliers connecting to the platform, indicating that its efforts to include 2,000 suppliers by the end of 2023 are progressing well.

Damen has identified that 18% of its suppliers have non-compliance issues, and has contacted them to conduct further assessments and develop improvement plans. Damen appreciates the transparency and cooperation of its suppliers during this phase and is committed to working together to build strong partnerships and improve its supply chain.

Damen's focus is on encouraging and supporting its suppliers on their journey to compliance, rather than punishing them. Damen will continue to monitor progress and provide ongoing support to its suppliers as it add more of them to the system.

While having non-compliant suppliers is not ideal, Damen believes it is a sign of trust and transparency in the system. Sustainability is a journey, and Damen is committed to travelling along with its suppliers to achieve shared goals.



PERFORMANCE MONITORING

› Damen's ambition

Damen's long-term ambition is to become a leader in sustainable maritime solutions by integrating sustainability across all aspects of its business. This includes continuously measuring, monitoring, and reporting its sustainability performance to ensure it is making progress towards its goals. Damen aims to be transparent about its sustainability practices and outcomes, engaging with stakeholders to share progress and learn from their feedback. Ultimately, the company seeks to drive positive environmental, social, and economic impact in the communities where it operates, and to contribute to the transition to a low-carbon, sustainable future for the maritime industry.

› Damen's 5-year objectives

By 2027, Damen will have a comprehensive sustainability performance measurement and reporting system in place, which will cover all relevant aspects of its operations, including supply chain due diligence, human rights, and environmental impact. Damen's sustainability reporting will be transparent, accessible, and standardised, and will comply with the highest international reporting standards. Damen will continue to monitor and improve its sustainability performance, leveraging the latest technologies and tools, and engaging with stakeholders to ensure its reporting is relevant and valuable.

› Targets 2027

1. Investigate and implement necessary digitalisation support to measure and report sustainability efforts, starting with supply chain;
2. Develop and commit to a net zero strategy for Damen and align with the Science Based Targets initiative;
3. Establish a framework for sustainability reporting, including compliance with the double materiality requirements of the Corporate Sustainability Reporting Directive (CSRD), and collaborate with the Finance team to draw a roadmap towards integrated reporting;
4. Establish clear governance and mandate for the sustainability topic across Damen with a dedicated team who will develop solutions for Damen (across divisions);
5. Establish a knowledge and sharing platform to facilitate internal and external sustainability communication and collaboration;
6. Update and improve stakeholders' analysis.

› Update on targets in 2022

1. Damen collaborated with digital partners to select relevant digital tools to measure sustainability performance and reporting. Supply chain due diligence tool was implemented;
2. Initiated assessing scope 1 and 2 emissions and upstream scope 3 emissions with external support. The focus is now on automating these processes with digital solutions.
3. Progress was made towards establishing a framework for sustainability reporting, including an assessment of the requirements of the Corporate Sustainability Reporting Directive (CSRD) and a roadmap towards integrated reporting. A closer relationship with the Finance team was established to facilitate this process.
4. A governance structure for sustainability was established across Damen, with Sustainability Leads in all divisions. The team will start operating in 2023.
5. A knowledge and sharing platform was started in 2022, but challenges were encountered in gathering information and data from all entities. This will be addressed in 2023 with the support of sustainability leads and digitalisation.
6. Stakeholder analysis has been updated.

› Highlights 2022

Damen collaborated with digital partners to select relevant digital tools to measure sustainability performance and reporting. A supply chain due diligence tool was implemented, and work began on assessing scope 1 and 2 emissions and upstream scope 3 emissions with external support. The focus is now on automating these processes with digital solutions.

Damen initiated the work toward defining net-zero strategy and aligning with the Science Based Targets initiative, but the data need is complex and this process will require more time. It will stay high on the 2023 agenda.

Progress was made towards establishing a framework for sustainability reporting, including an assessment of the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the first steps of a roadmap towards integrated reporting. A closer relationship with the Finance team was established to facilitate this process. Damen also updated its stakeholders' analysis and materiality matrix, considering both financial and non-financial aspects in accordance with the double materiality requirements of the CSRD.

A clear governance structure for sustainability was established across Damen, with Sustainability Leads in all divisions. The team will start operating in 2023 to develop solutions for Damen's sustainability challenges.

A knowledge and sharing platform was started in 2022, but challenges were encountered in gathering information and data from all entities. This will be addressed in 2023 with the support of Sustainability Leads and Digitalisation.



Performance on sustainability

Based on its materiality matrix, strategy, and reporting requirements, Damen has identified a set of indicators that need to be monitored within the company. These indicators are categorised into strategic and operational topics and are monitored at different levels within the organisation. The strategic topics are monitored at the division level and reported to the board on a quarterly basis. The operational topics are measured and reported at a department, company, or yard level. These KPIs are based on Damen's engagement with the three pillars of its compass: organisation, operation, and design.

While Damen is exploring ways to automate the reporting process (see next section), most of its reporting is currently done manually and requires a significant amount of verification work. However, Damen's Group Environmental reporting has been in place for several years and has matured enough to be audited by an accredited GHG consultant. This tool has enabled Damen to assess its GHG scope 1 and 2 for the group, and it has provided the company with valuable insights on how to reduce emissions and achieve its goals of participating in the Net Zero strategy.

Despite the success of Damen's reporting tool, the audit revealed several opportunities for improvement and one significant non-conformity that needs to be addressed to comply with the GHG Protocol Standard. To achieve compliance, Damen needs to provide more documentation on the methodologies used and enhance our emission calculation methods. While expressing regret that the paperwork was missing, Damen is pleased that the GHG results were deemed complete and reliable.

› General Audit Statement

Need Improvement

During this audit it has been noticed that Damen's reporting of scopes 1 & 2 covered all the categories necessary for good emissions reporting. It already allows a correct monitoring of emissions and can show the way to a reduction of emissions in order to participate in the global Net Zero.

Nevertheless, the audit has raised numerous possibilities for improvement and significant non-conformities that do not allow this reporting to be considered in compliance with the GHG Protocol Standard.

In order to achieve compliance, Damen needs to provide more documentation on the methodologies used and enhance the emission calculation methods.

Moreover, it is crucial for Damen to continue developing its reporting to include Scope 3 emissions and thus cover the entire emissions of its value chain. Not only does this help to identify the full impact of the company's activities, but it also enables Damen to set more ambitious emissions' reduction targets and collaborate with suppliers and customers to drive sustainability improvements throughout the value chain. By taking a comprehensive approach to emissions reporting, Damen can better manage its environmental impact and position itself as a leader in sustainable business practices.

Damen has already corrected the non-conformity identified during the audit, and the changes have been integrated into the results presented in this report. All verified data is available in the GRI matrix in the annex of this report, and an overview of the most impactful figures is presented on the next page.

Damen is confident in its ability to commit to Science-based targets soon and is also working on its scope 3 emissions (as detailed in the next section). As it moves forward, Damen will continue to prioritize ESG reporting and monitoring, and will strive to enhance its reporting tools and methodologies to ensure compliance with global standards.

Leveraging digitalisation to enhance Sustainability

Digitalisation and sustainability are interconnected and can reinforce each other. Measuring performance is crucial to demonstrate Damen's commitment to employees and stakeholders, comply with regulations, and ensure transparency. In collaboration with its IT partners, Damen identifies the right tools to support its objectives.

Damen aims to reduce its environmental impact and optimise its operations through digitalisation. For instance, a pilot project at Damen Shiprepair Amsterdam employs real-time data analytics to optimise energy consumption and reduce greenhouse gas emissions. By leveraging digital tools, Damen can also improve the sustainability of its supply chain and minimise its environmental impact. Last year, the company initiated two projects to determine suppliers' greenhouse gas emissions, starting with an internal scan with a limited scope and then expanding it to all Gorinchem-based purchases and conducting an in-depth analysis with an external specialist. This feasibility study is an essential first step in Damen's commitment to the SBTi. However, it has also revealed the need for better data reliability in their supply chain to demonstrate Damen's efforts towards sustainability. Therefore, the company plans to extend the scope to all Damen entities and its entire value chain.

This project is an essential element to improve Damen vessels, its performances and ultimately its customers' emissions and goes hand in hand with Damen's Research and Development project on Life Cycle Assessment (LCA, find more in the section circularity in this report).

Damen recognises that digital tools such as simulation software can help design ships that are more energy-efficient, produce fewer emissions during their lifetime, and facilitate the switch to a circular economy. Damen welcomes the implementation of the Dassault 3DX platform in multiple group entities, enabling it to perform predictable analyses.

Digitalisation can also enhance the safety and well-being of employees and customers.

Damen employees have access to digital training tools, such as "Good Habitz" and specific sustainability training through the Damen Academy, and the company monitors the number of trainings taken to measure impact on employees and make management reports on this.

The company is also using virtual reality in its training facilities (for example at Damen head office, but also at its Dredging

facilities). This can help reduce accidents and injuries during training, and ultimately improve the overall well-being of the workforce. It has also a very positive impact on the GHG generated during training as less travel or transport is needed and only limited electricity is used during virtual training and both locations are powered mostly by solar panels.

Finally, digitalisation can enhance Damen's engagement with internal and external stakeholders and communicate sustainability efforts. Damen uses social media and sustainability reporting tools to share its sustainability progress, engage with stakeholders on key issues, build trust and transparency, and strengthen Damen's reputation as a sustainable company.

› Clever Energy

Clever Energy™ is an enterprise-level energy and emission management system that helps Damen Shipyards, office buildings, data centers etc., to be more sustainable, ensure energy and cost efficiency, decrease carbon emissions and reach their carbon neutral goals.

Clever Energy™ leverages digital technologies like IoT, Cloud and Artificial intelligence to achieve carbon emissions reductions and energy spent. Below are some of the examples of how Clever Energy™ is helping Damen on achieving Sustainability goals.

- › Leveraging IoT technology to acquire real-time energy data from diverse industrial assets like Heating systems, pumps, motors etc. from Damen Shipyards and office buildings which are spread across geographies.
- › Clever Energy™ deployed on IoT platform in cloud, provides real-time, enterprise-wide consolidated view of Energy consumption and other Energy KPI's in real-time with actionable insights
- › Clever Energy™ Carbon management helps to track and rescue Scope 1 and 2 emission happening due to purchased energy, meets your regulatory and compliance need and prepare you for green energy transition
- › Clever Energy™ Digital twin setup and cognitive analytics enables to take informed decision through predictive analytics to improve energy efficiency
- › Provides usage trend across time & actionable alerts on ongoing anomalies and works as real-time decision support system
- › AI based self-learning and self-optimization features allow easy adaption to new buildings, new consumptions patterns, outages, weather, and occupancy patterns

Just for Damen Amsterdam ship repair yards, it is estimated to reduce 1.7K -2.1K Mt CO2 Emissions and 8-10% reduction in Energy spent. Other benefits include efficiency in operations, positive brand visibility, movement from paper to digital based tracking, enterprise wide transparent and single source of truth on Energy data. Damen is planning to scale this implementation to 35+ shipyards across the globe. This will be a significant savings towards Damen Sustainability initiatives.

› **Carbon Reporting and ESG as a Service**

Damen is working on a project to help its clients work more sustainably and prepare for upcoming EU carbon emissions regulations and monitoring efforts, including CO2 taxation. The project involves the development of a reporting tool that enables vessel owners to get more insight into their carbon emissions and report them in a standardised manner.

The digital solutions venture in the DMV portfolio has developed the first version of the carbon reporting tool, which allows vessel owners to get more insight into what emissions their operations have resulted in. This tool will enable clients to report in a good and standardised manner, as well as make more sustainable choices in operation or when retrofitting.

Additionally, Damen Financial Services is developing an ESG reporting system that will inform clients of their emissions and enable them to gather data for CO2 tax collection. Such information will be collected by the Damen Triton remote monitoring and operational insight system. Although CO2 taxation has not yet commenced, Damen has received feedback from its clients that they are keen to have reporting in place at an early stage to have clarity regarding operational insights and to prepare for when taxation begins.

Together, these efforts will help Damen's clients to work more safely, effectively, and efficiently, thus more sustainably.

Finance

The Finance department of Damen Shipyards Group in Gorinchem is taking a proactive approach to CSR measurement and reporting. Much of its current efforts are directed towards preparation for the Corporate Sustainability Reporting Directive (CSRD).

› **Strengthening reporting**

CSRD passed into force on 5th January this year. With this, the social and environmental information that companies must report has been strengthened. Additionally, more companies than was previously the case are required to report. With this, stakeholders will have guaranteed access to the information they need to assess investment risks arising from sustainability issues.

Companies will be required to apply the new rules for the first time to reports published in 2025, relating to the 2024 financial year.

› **Aligning finance and sustainability**

CSRD brings the financial functions within the company into closer alignment with the sustainability functions. With the increased requirements relating to sustainability, it is imperative that Finance and Sustainability teams are aligned with one another to ensure that both activity and reporting are consistent and to a high standard. Initially this represents an increased challenge for the department and the group as a whole. However, in the long-term, as the requirements for reporting become established and standardised, according to European Sustainability Reporting Standards (ESRS) the process will become more streamlined and efficient.

› **Research group for stakeholder alignment**

To meet the forthcoming requirements, the department has established a research group to assess what is required by banks and financiers so that it can, in the first instance, ensure that it is doing what is required and, following this, provide sufficient reporting thereof. The department is engaging in communication with its banks regarding the advent of CSRD. The group is moving forward in terms of CSR and sustainability and, therefore, has much to report. The challenge presently, is to define the parameters of reporting and other elementary topics such as 'what constitutes a green product' and 'what constitutes green financing?' This is a journey that both Damen and its stakeholders must undertake.

› **Speeding up the transition**

Defining these parameters will be essential for achieving group financial and sustainability ambitions. In the coming year, the aim is to refinance the group. In so doing, the department will

be required to bring together multiple parties from across the group, considering both financial and ESG performance. One of the aims is to finance a new production line for environmentally conscious products, such as fully electric, 100% emissions free vessels, in Vietnam. With this, the Damen Group will be able to speed up the energy transition with increased production capacity for green products. The department is also in consultation with Atradius. The

relationship between the two parties forms a symbiosis, Atradius being a channel via which the Dutch Government is able to reach its environmental targets via collaborating with Dutch businesses that are innovating sustainable technologies. Damen has invested significantly in innovation over the last years. As a result, the company needs to attract financing to be able to continue innovating green products for the future.





Sustainable operations

Material topics

Social topics

- Health & safety
- Own workforce
- Workers in the value chain
- Human Rights

Environmental topics

- Climate Change
- Energy transition
- Pollution



Sustainable operations

2

› Damen's commitment

Damen is committed to creating a sustainable future for all by developing climate-neutral yards that have a positive impact on local communities and prioritise the safety, health, and well-being of employees. By 2040, Damen will invest in renewable energy sources, green infrastructure, and sustainable transportation solutions, while also engaging with local stakeholders to promote social and economic development. In doing so, Damen aims to become an employer of choice, creating conditions that enable its employees to thrive both professionally and personally, while having a positive impact on the communities around them.

› Damen's 5-years objective

Ensure the safety, health, and well-being of employees, while achieving a 50% reduction of global environmental footprint in operations by 2027. This will be done through the use of renewable energy, energy-efficient technologies, the adoption of circular economy principles, responsible water management practices, and waste reduction initiatives. Damen will promote employee engagement and well-being and structure its engagement with local communities.

» Highlights 2022

In 2022, Damen experienced two fatal incidents despite its efforts to prioritise safety. These incidents highlighted the critical importance of safety in the building process, prompting the revitalisation and increased accessibility of the Damen safety programme to all employees. The company's leadership has taken a more active role in addressing safety as a core value of Damen.

Additionally, the reporting of safety incidents was centralised across all Damen facilities to improve communication and learning from lessons. The quality of reporting was enhanced through the implementation of a smartphone app with mandatory fields to fill in and submit, automating the process and ensuring consistency. The company also encouraged the wider usage of the reporting app and promoted speaking up about potentially unsafe situations.

Damen has also made significant strides in promoting sustainability and environmental responsibility throughout its operations in 2022. The company prioritised accurate measurement of its environmental impact and expanded its measurement methodology to include more facilities worldwide. Damen has performed its first greenhouse gas audit, highlighting areas for improvement in its reporting processes to ensure even more accurate results in the future.

Despite these achievements, Damen recognises that more action is needed to reduce its environmental footprint. One of its major yards, Damen Shipyards Galati in Romania, led the charge by reducing its CO2 footprint by 36% in 2022. Damen is also actively participating in the Green Marine Europe

partnership initiative led by the NGO Surfrider to define an environmental maturity model specifically for shipyards.

Looking ahead, Damen remains committed to reducing its environmental impact and has set ambitious targets, including a 55% reduction in CO2 emissions and 50% reduction in water and waste by 2027 across all production facilities worldwide. Damen will continue to develop and execute improvement plans and monitor progress through its comprehensive reporting tools, sharing updates with management and the executive board.

In terms of local communities, Damen's commitment to community engagement extends to its employees and their families, especially in times of crisis. In early 2022, the company's focus was on supporting its colleagues in Ukraine who have experienced trauma and displacement due to the war with Russia. The Damen Helpt foundation was established to provide assistance and raise funds for those affected. Since February 2022, over 300 colleagues and their families have been evacuated to Romania and Poland to ensure their safety. Dutch Damen employees collected essential supplies that were transported to Romania, and medical assistance was provided to those in need. For colleagues who wished to resume work, Damen provided them with suitable workspaces. In addition, efforts were made to ensure that children were enrolled in new schools and had access to education. The Damen Helpt foundation's purpose is to extend support to its colleagues in times of crisis, providing financial and operational assistance to Damen employees and their families who are in, or affected by, emergencies.





SAFE AND EMPOWERED

› Damen's ambition

Damen's long-term ambition is to become a global leader in safety, well-being, and talent development. The company strives to ensure that safety is embedded in its culture and processes, and that every employee feels valued, supported, and empowered to reach their full potential. Damen aims to attract and retain top talent by fostering a diverse and inclusive work environment, offering competitive compensation and benefits, and providing opportunities for growth and development. By prioritising safety, well-being, and talent development, Damen will continue to strengthen its position as a trusted and innovative partner in the maritime industry.

› Damen's 5-year objectives

Promote and ensure safety, well-being, and human resources development to enhance employee performance, attract and retain talent, and remain competitive in the global market.

› Targets 2027

1. Set a clear HR strategy, goals and objectives to face current global challenges such as dealing with tight labour markets, an evolving global workforce and remaining competitive.
2. Attract and retain the right people by developing a robust global recruitment strategy and strong employer branding, offering competitive compensation and benefits, and fostering a positive work environment that is supportive, diverse, inclusive and engaging.
3. Empower leaders, line managers and employees by improving their skills, enhancing their performance and enabling growth to help them reach their full potential and achieve desired ways of working. -
4. Centralising the reporting of safety incidents across all Damen Shiprepair & Conversion, Damen Naval, and Maritime Ventures division facilities to enhance communication and learning from lessons.
5. Re-defining lost time incidents to gain greater clarity in reporting and distinguishing between lost time incidents and life-altering incidents.
6. Improving the quality of reporting by implementing a smartphone app with mandatory fields to fill in and submit, automating the process and ensuring consistency.
7. Encouraging wider usage of the reporting app and promoting speaking up about potentially unsafe situations.

› Update on targets in 2022

1. Establishing a comprehensive HR strategy for the entire organisation that aligns with Damen's long-term business goals and enables the company to tackle current global HR challenges
2. Revamping Damen's global recruitment strategy to attract and retain top talent by developing a strong employer brand, offering competitive compensation and benefits, and creating a supportive, diverse, and inclusive work environment
3. Launching a comprehensive leadership and employee development programme that enhances skills, improves performance, and enables growth, resulting in a more engaged and motivated workforce
4. Centralising the reporting of safety incidents across all entities to enhance communication and learning from lessons, resulting in improved safety practices and incident management.
5. Redefined lost time incidents to gain greater clarity in reporting, distinguish between lost time incidents and life-altering incidents, and improve safety performance
6. Implementing a smartphone app with mandatory fields to fill in and submit, automating the reporting process, and improving the quality and consistency of safety incident reporting
7. Promoting the use of the reporting app and encouraging employees to speak up about potentially unsafe situations, resulting in a more proactive safety culture and improved safety performance.

› Highlights 2022

In 2022, despite Damen's efforts to prioritise safety, the company experienced two fatal incidents, highlighting the critical importance of safety in the building process. As a result, the Damen safety programme was revitalised and made more accessible to employees. The company's leadership has taken a more active role in addressing safety as a core value of Damen.

The incident reporting system was improved, with the inclusion of leading indicators and a new severity scale approach. Employee well-being was also addressed through initiatives such as Stoptober, promoting smoking cessation, fruit baskets, and a sports coach for head office employees who sit for extended periods.

To remain competitive and attract and retain the right people, Damen developed a robust global recruitment strategy and strong employer branding. They also established clear HR strategies, goals, and objectives to deal with current global challenges and empower leaders, line managers, and employees to reach their full potential and achieve desired ways of working.

Additionally, the reporting of safety incidents was centralised across all Damen Shiprepair & Conversion, Damen Naval, and Maritime Ventures Division facilities to improve communication and learning from lessons. The quality of reporting was enhanced through the implementation of a smartphone app with mandatory fields to fill in and submit, automating the process and ensuring consistency. The company also encouraged the wider usage of the reporting app and promoted speaking up about potentially unsafe situations.

Caring for people to build a Sustainable Workforce

Last year, after further pillarisation, the HR outlook stabilised, enabling Damen to work on its strategic pillars through the full scope of the HR instruments that it has.

The plan for 2023 consists of the following subjects and targets, which are derived from the global strategy of the Damen Group.

Damen believes that its people are key requisite for sustainable growth & profitability. Recruiting and retaining a professional international workforce with the right set of diverse capabilities will become increasingly challenging in a difficult global labour market.

Alignment of employees with Damen Core Values is required to deliver on the company's strategy. To achieve this alignment towards a One Damen organisation, employee engagement must be improved and the company needs to foster a positive work environment that is supportive, diverse, inclusive and engaging.

To enable execution of its (HR) strategy, Damen needs to create a more agile, responsive and modern organisation. Therefore the company has invested in a Human Resources Information System (HRIS), called Workday, which will go live globally in Q3 of 2023 and involves Core HCM, Core compensation, Talent and integration with other systems such as AFAS, IFS and SAP.

Besides organisational agility, this will enable standardisation and streamlining of HR, wherever possible and improve data insights, security and compliance on a global level. Its full implementation will help recruitment, L&D, the Damen Academy and C&B to professionalise their services further and will help Damen managers and colleagues to actively work on their careers.

In 2023, HR will contribute to the delivery of the Damen strategy plans by setting a clear HR strategy, goals and objectives to face current global challenges such as dealing with tight labour markets, an evolving global workforce and remaining competitive. Based on these challenges, Damen's global strategy and strategic pillars, these are the main HR topics for the years to come.

› Attract and retain the right people

To attract and retain the right people Damen needs to develop a robust global recruitment strategy and strong employer branding.

Also, the company needs to offer competitive compensation and benefits and to foster a positive work environment that is supportive, diverse, inclusive and engaging.

For 2023, Damen will initiate a group-wide Engagement Survey. The intention is to conduct the Engagement Survey in both a more condensed way than the company did in the past and more frequently.

In order to actively underpin Damen's Diversity & Inclusion agenda, data insights, a global DE&I policy and implementation, plans are needed to help the company better understand its current status and set targets to ensure that Damen is an inclusive and diverse workplace.

› Develop people

Empowering leaders, line managers and employees is needed, as they are Damen's key requisite for sustainable growth & profitability.

Improving their skills, enhancing their performance and enabling growth will help them in reaching their full potential and to achieve desired ways of working.

Strategic workforce planning and global mobility

The need for a more international mobile workforce increases, not least because of the tight labour market.

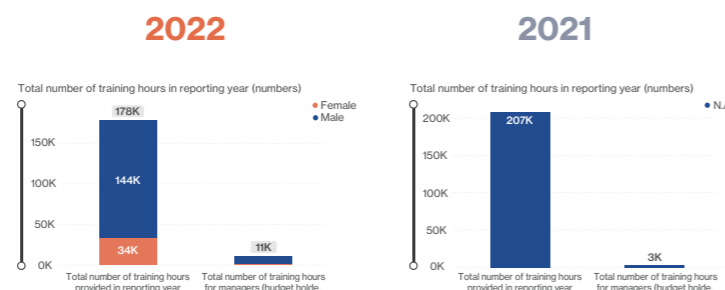
Damen's new HRIS will give insights into the company's workforces and will enable strategic workforce planning for the near future to improve productivity, reduce costs and achieve business goals.



Some key figures to highlight our progress (refer to the GRI matrix for more data)

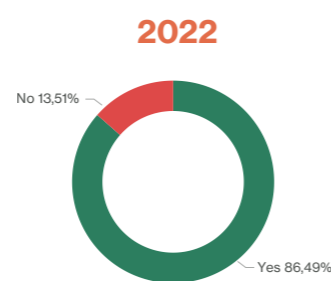
Total training hours in reporting Years (numbers)

Damen has observed a decrease in training hours for general employees in 2022, but there has been a significant increase in training hours for managers (from 3K to 11K). This is in line with Damen's objective of improving leadership competence.



System in place to assess competences and training needs

Damen is pleased to report that 86% of reporting entities have a system in place for reviewing employee competence and training needs. However, the company recognises the need to continue its efforts to ensure that this system is in place across all locations, to make training more



Employees by time of contract

Damen is proud to report that the majority of contracts offered by the company are permanent contracts, which promotes long-term engagement, stability, and security for employees. This figure has remained stable compared to 2021.



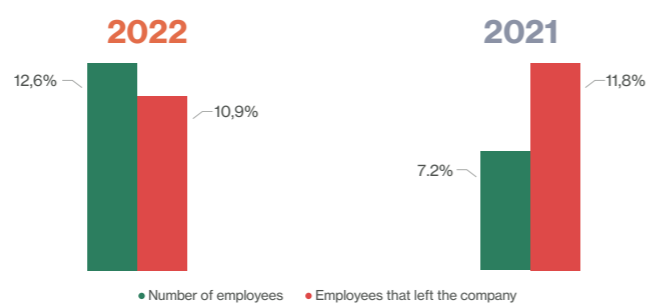
Employees local

Damen is encouraged to see that the majority of its employees are from local communities within a 50km radius of its reporting companies. This creates local opportunities and limits the environmental impact of commuting. When we look at managing positions (budget holders), 84% are also from local communities.



% new employees vs employees that left the company

In 2022, Damen hired 1305 new employees and had fewer employees leave the company. This is an encouraging sign that Damen has a steady stream of new employees. It is worth noting that 17% of the 352 employees who returned to work for Damen were female.



Safety

Tragically, the Damen Shipyards Group experienced two fatal accidents during 2022, one of which occurred in the Damen Yachting Division in Vlissingen and the other, under the jurisdiction of Damen Shipyards Hardinxveld, in Gorinchem.

Tragically, the Damen Shipyards Group experienced two fatal accidents during 2022, one of which occurred in the Damen Yachting Division in Vlissingen and the other, under the jurisdiction of Damen Shipyards Hardinxveld, in Gorinchem.

Damen finds the health, safety and wellbeing of all employees and those working on behalf of the company extremely important. At Damen human resources are considered the most important assets and in line with company values and strategy, everyone deserves to work in an incident free environment where focus lies on the highest risks that are inherently related to the work that Damen does.

Without any doubt Damen takes such events extremely seriously. The company and its Executive Board have expressed their profound sadness at these tragic incidents and have clearly stated their intention to learn from the experiences in order to improve safety performance in the future.

Following these incidents, Damen moved quickly, taking steps to support its employees and to set up investigations. After such events three processes will be initiated, parallel to one another:

- ▶ Investigation conducted by the authorities
- ▶ Internal investigation
- ▶ Provision of professional support for colleagues directly affected by the incident

▶ Undertaking investigations

During the external investigation, Damen follows the lead of the authorities conducting the process. This starts with physical investigation on the scene, that may be closed off for some time. In addition a series of interviews are conducted with involved personnel, managers and directors. After that it can take months, and sometimes years, before the process comes to a conclusion.

For the internal investigation, Damen appoints an independent competent internal or external investigator to analyse the incident in depth and reveal root causes for the sake of learning and prevention. Impartiality is essential and the

decision is made on a case by case base by the group's Head of Health & Safety and the Executive Board. As the investigator needs to be able to move freely, the investigation is conducted under legal privilege. This approach also provides the chance for the people involved to openly express their experiences and concerns about what happened without any form of retaliation. The internal investigation follows its own structural approach, separate from the authorities. Barrier failure analysis was applied to reveal immediate and root causes. The method addresses human, technical and organisational barriers that were present, failed or could have been expected based on good practice or industry standards, but for some reason were not present at the time of the incident. The further analysis is aimed at revealing the reasons why this was the case in order to understand the dynamics within the company during the time of the incident. The eleven General Failure Types from Tripod are used to categorise the root cause. The investigation aims to be resolved between three to four months, pending the complexity of the incident.

▶ Employee support

For all those who are directly, or indirectly affected by the incident, human care support is provided by external and internal competent persons. It is considered completely normal and healthy that people may suffer from strong emotions after such a impactful incident. Sincere attention and support mostly in the form of listening is needed to ensure people can unload, and express concerns, feelings of disbelief, shame, anger etc. Also line management and HR people are supported in guiding these kind of dialogues in the organisation. In most cases this process ensures that people do not suppress or bottle-up their feelings and are able to get out or stay out of anxiety levels that limit them in their normal daily life. In case this is not possible, Damen is able to move swiftly and advise people to get professional care.

This form of support is provided directly after the incident, is managed carefully by a professional human care support counsellor, and remains available for the time needed. In both fatal incidents, around two weeks after the incident a memorial was organised by the same counsellor, together with company management. This is seen as being an essential part in the

Key figures for Safety 2022

Lagging indicators severity based



In 2022, there were two fatalities and two life-altering injuries resulting in a total of over 2000 lost workdays, which is almost twice as much as in 2021. These results are concerning and require urgent attention to safety measures at all production locations.

Leading indicators (near miss)



Although the number of near misses reported remained stable, there was a significant increase in safety observations, indicating that the new system in place is helping. However, it is important to note that most of the safety observations were reported by HSEQ personnel, so efforts must be made to encourage other employees to take responsibility for safety and report any issues they see.

process of mourning and closure. The memorial also lifts people up to move on. In both cases the memorial was highly appreciated.

Centralised reporting

In 2021 severity based reporting was introduced within the group. During 2022, Damen has further enhanced this by implemented changes in the templates and forms used and simplified the company dashboards. Furthermore, the company has increased the number of yards participating in the group's reporting system. As a result from mid-2022 all Damen Shiprepair & Conversion yards, the Damen Naval division, as well as a significant number of the group's Maritime Ventures are now participating in this centralised approach.

During this process, the communication between the divisions has intensified, paving the way to wider appreciation of lessons learned, not only related to the incidents, but also on the process to improve data quality. In addition to the two fatal incidents, we have also seen an uptick in severe incidents. Severe incidents is define as those incidents with life altering/permanent injuries, and incidents resulting in two weeks of absence or more. Almost half of the total Lost Time Incident cases involve severe incidents (45%). Activities that are related to these type of incidents relate to working at height, working with large machines and equipment and working in the line of fire of energised systems. A trend analysis for severe incidents cannot be established yet, as this is the first full year of severity based reporting. However, the total trend of Lost Time Incidents has increased over 2022, from 3.0 in Jan 2022 to 4.2

in Dec 2022. A similar trend is notable with subcontractors, although measurement of the period of absence is not always accurate. Damen is actively encouraging wider and improved quality reporting throughout the divisions in an attempt to reverse this trend.

In addition, the severity based reporting does provide more insight into the severe incidents and brings focus to what matters the most. Management engagement to the high risk activities raised and more attention is given to controlling those risks to prevent incidents. Executive, division and yard management responsibilities for safety are openly discussed and supported by the Health and Safety teams. The results of this are not yet visible in lagging statistics. In order to visualise preventive actions and management commitment, leading indicators will be developed and implemented in due course. This will also have a positive impact on the reporting safety observations and near-miss incidents, which is needed as a downward trend was notable for these categories. Openness in reporting unsafe situations and near-miss incidents is a good indicator of a positive safety culture and requires management attention and active support to maintain.

To support management, technical solutions are provided, such as publicly available QR codes to submit observations named, or anonymously, and a quality control table to indicate inconsistencies in reporting. Damen stresses the importance of speaking-up about safety concerns and encourages ideas for improvement. There is a non-retaliation policy in place when concerns are brought forward. The same principle applies when incident



A costly lesson

In 2022, Damen experienced two fatal incidents within the company. Both incidents occurred in the Netherlands. On 18 May Damen was startled by the news that a 34 year old lift mechanic died while installing the elevator onboard a yacht. Root causes were found in the area of managing subcontractor risks, deploying health and safety responsibilities on projects and health and safety supervision.

Then, five months later, on 26 October, a 65 year old mechanic died when he was reinstalling a hatch on the aft of the ship. Root causes were found in the area of general safety awareness, safety communication and deploying health and safety responsibilities on projects.

Both tragedies had an enormous impact on the family and friends of the victims and Damen has supported them in any way it could. The impact on the direct colleagues, leadership and the company in general was also deeply felt.

investigations are conducted. System failures are analysed, not personal failures. Should a mistake, violation or other form of human error be found, individuals will not be punished. Solutions will be found in the working conditions, or environment that caused the error to occur.

To help raise greater awareness of health and safety and the importance of transparency and reporting, Damen has, for example, held a week-long safety event in 2022, in addition to the traditional one-day event held annually on 18th December.

› Digital reporting

Damen's reporting has, over the last 12 months, improved in quality, having become increasingly automated. The company has implemented a smartphone app to simplify the process of reporting. Applying mandatory fields to be filled in and submitted, the new approach structuralises reporting and ensures its consistency.

The system, though a good step in the right direction, has potential for wider development, including use of QR reporting. Going forwards, Damen intends to encourage wider usage of the app, ensuring access to it is universal and that everyone understands the desirability of speaking up whenever they see a potentially unsafe situation

› Crisis in Ukraine – a textbook operation

At the beginning of 2022, Damen's Safety department observed the situation that was unfolding in Ukraine, where the company ordinarily undertakes an engineering operation – Marine Design Engineering Mykolayiv (MDEM). Reacting quickly, the department, with the support of the Executive Board and the Mid-Sized Vessels (MSV) division responsible for MDEM, was able to establish a crisis team prior to the commencement of hostilities.

Damen has had a partnership with Proximities Risk Consultancy for a period of seven years. Proximities provides intelligence reports on country risks and developments during crisis and in normal conditions and supports Damen on managing travel-related risks and advises on performing business operations in challenging environments. As a result of this partnership, the company received continuous intelligence reports on the escalating situation. This enabled Damen to make well informed decisions on planning and actions.

Damen's first priority was to provide safety for its personnel based in Cherson and Mykolayiv. The company was able to quickly evacuate those of its employees that were able to leave. There were few options available, involving relocating them to other countries where Damen has operations (Romania, Turkey, Poland, the Netherlands) (for more information on this, see pages 98-99).

Following this, Damen was able to take sufficient steps to safeguard critical equipment and engineering materials. Before the conflict had commenced, Damen had ensured that crucial materials were stored in the cloud and made available outside MDEM servers.

The undertaking of these measures was conducted in a textbook fashion, minimising the impact of these tragic events upon the company and supporting its employees to the best of its abilities. Undoubtedly the war has had an enormous impact on employees who fled their hometown, very often leaving behind loved ones that were not able or allowed to leave with them. Families were disrupted, not knowing if and when they would be united. The fleeing itself has left an enormous imprint as well. Similar to the human care support for employees after a serious incident, the same level of support was given to people, through line management.

› Continuous improvement

Damen continues to strive towards an incident free working place. First and foremost by controlling the risks associated to the work that it does and by focussing on the high risk activities that have resulted in severe injuries or worse. Damen will monitor the leading activities that are required to ensure this, providing training, instruction, proper equipment, risk assessments, work place inspections, toolbox meetings, etc., and also including subcontractors in this process.

As a result of the 2022 performance, the company's safety policy and programme will be reviewed and further enhanced to meet the company's strategy objectives of becoming the most sustainable maritime solutions provider in the world. For company management it is sound and clear that this can only be achieved with excellent care for safe and healthy working conditions in the broadest sense for all those who work for or on behalf of Damen, anywhere in the world.



ENVIRONMENTAL STEWARDSHIP

› Damen's ambition

Transforming global production facilities into fit-for-the-future yards, with a commitment to reducing Damen's environmental footprint worldwide. Damen's aim is to achieve carbon neutrality, zero waste, and responsible water usage across all of its production facilities, while continuing to deliver high-quality products and services to customers.

› Damen's 5-year objectives

Reduce the environmental footprint of Damen's worldwide production facilities by achieving a 55% reduction in CO2 emissions and a 50% reduction in water and waste by 2027.

› Our targets 2027

1. Establish a clear baseline for measuring the sustainability performance of all Damen operations (yards and facilities) and determine areas for improvement
2. Conduct a thorough assessment of Scope 3 emissions (CO2 in the value chain) and identify opportunities for reduction
3. Develop a net-zero strategy in line with the Science Based Targets initiative
4. Create a trajectory for achieving the 55% reduction goal and set annual targets for emissions reduction
5. Identify specific improvements needed to achieve the sustainability objectives and develop actionable improvement plans
6. Execute the improvement plans and monitor progress regularly
7. Report on the progress made towards achieving the sustainability objectives and adjust plans as necessary to ensure targets are met.

› Update on our targets in 2022

1. Methodology improved after assessment for better reporting, Scope 1&2 extended to 42 entities, up from 37 in 2021.
2. The focus in 2022 was on measuring Scope 3 emissions for upstream activities, and work will continue in 2023 to extend measurement to downstream activities as well.
3. Damen is in the process of developing a net-zero strategy, and while it has not yet been finalised, the company is confident in the next steps and possibilities.

4. A trajectory will be defined as part of the SBTi commitment, now working with a target of reducing emissions by 10% of the previous year.
5. Yards are actively working on reduction plans; initiated work, in partnership with Green Marine Europe initiative, to better measure and report Damen's environmental performances at yards.
6. Improvement plans are being executed and progress is being monitored through improved methods and tools.
7. Progress is shared with management, including the Executive Board, to ensure accountability and alignment with company goals.

› Highlights 2022

Damen has made significant strides in promoting sustainability and environmental responsibility throughout its operations in 2022. The company has prioritised accurate measurement of its environmental impact and has expanded its measurement methodology to include more facilities worldwide. Damen has also performed its first greenhouse gas (GHG) audit, highlighting areas for improvement in its reporting processes to ensure even more accurate results in the future.

Despite these achievements, Damen recognises that more action is needed to reduce its environmental footprint. One of its major yards, Damen Shipyards Galati in Romania, led the charge by reducing its CO2 footprint by 36% in 2022. Damen is also actively participating in the Green Marine Europe partnership initiative led by the NGO Surfrider to define an environmental maturity model specifically for shipyards. This initiative recognises the need for greater transparency and clarity in environmental initiatives across shipyards and aims to promote best practices in sustainability.

Looking ahead, Damen remains committed to reducing its environmental impact and has set ambitious targets, including a 55% reduction in CO2 emissions and 50% reduction in water and waste by 2027 across all production facilities worldwide. Damen will continue to develop and execute improvement plans and monitor progress through its comprehensive reporting tools, sharing updates with management and the Executive Board.

Update on Damen's upcoming commitment to the SBTi

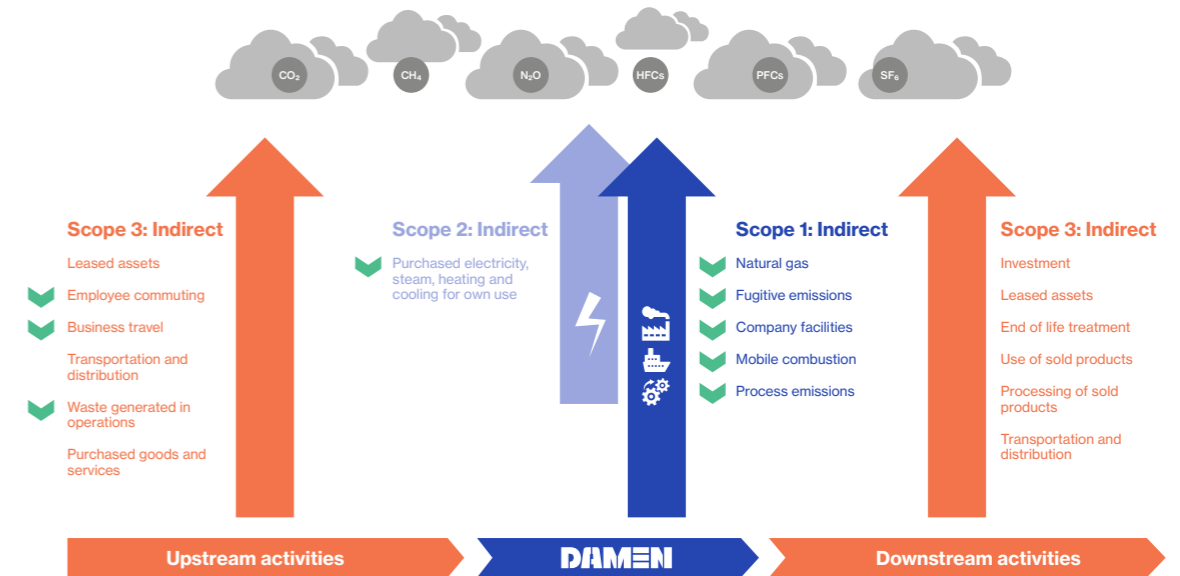
Damen is pleased to report that, since the implementation of its environmental reporting system, it has seen a steady increase in the number of yards and companies reporting their environmental data. The company is especially proud to note that, not only has the number of reports increased (42 in 2022 instead of 37 last year), but the timeliness, completeness, and reliability of the data has also improved significantly. This was highlighted during the GHG audit that Damen conducted for the first time this year, which you can find on page 92 of this report.

Of course, as a global company made up of many different entities, obtaining accurate and consistent data using a standard format and common set of definitions is an ongoing challenge. However, Damen is committed to reducing its CO2 emissions and demonstrating its commitment to sustainability, and the company recognises that this starts with measuring its

own impact on the environment. With the intensification of reporting at Damen Shipyards Galati, Damen also sees significant results with a total CO2 reduction within the set 10% reduction (88.3% of 2021 emissions).

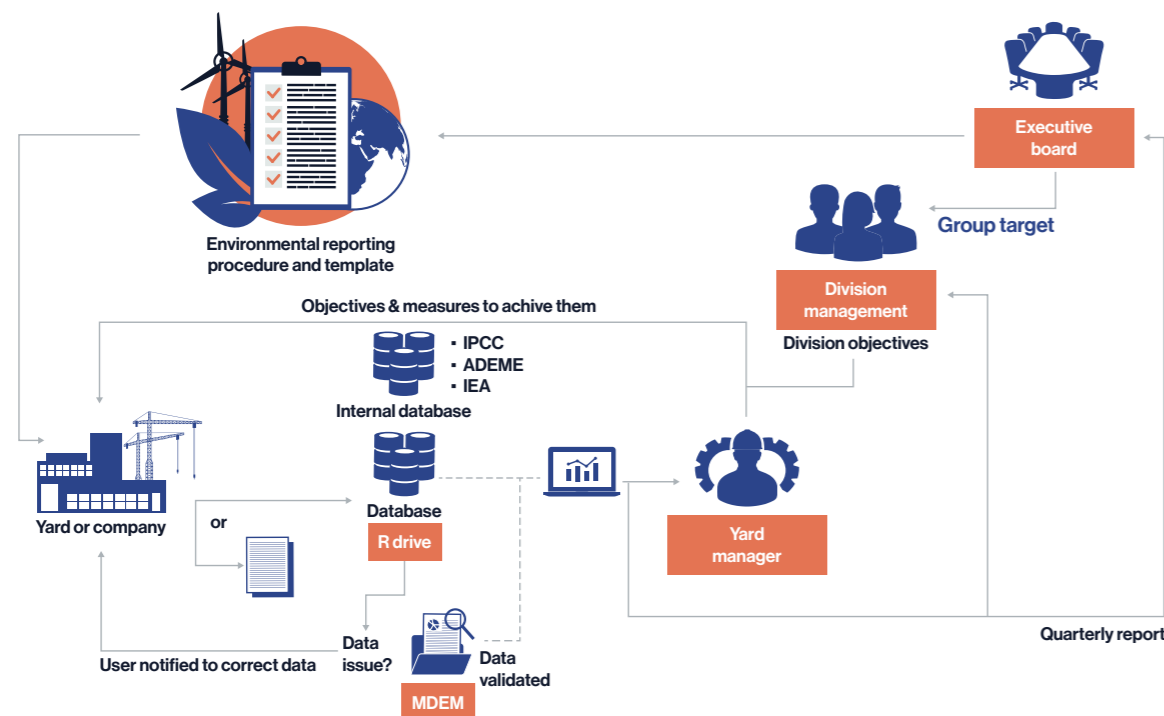
Over the past year, Damen has intensified its focus on gathering the data it needs to better formulate and direct its targets. To support this effort, Damen has received invaluable support from a part of the MDEM team that is working on data collection, correctness, and visualisation. The team's work helps provide Damen with useful insights into its emissions, which it then reports to the relevant managers and to the Executive Board on a quarterly basis.

As a result of the GHG audit, Damen has also taken steps to improve the reliability of the external coefficients it uses for reporting and ensures transparency by including the sources clearly in the dashboard. Additionally, the company has described the method it uses to collect and calculate its data to help further increase transparency and consistency.



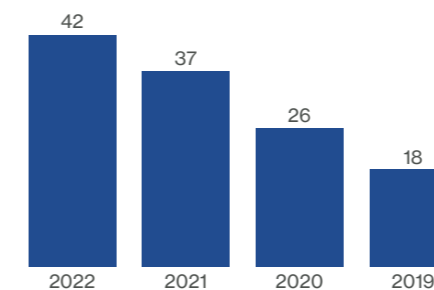
Given the diversity of Damen's entities and the different types of activities they undertake, the company is using a coefficient in its KPIs to benchmark performance and measure progress. The most relevant coefficient Damen has identified so far is production hours, as shipbuilding still involves a significant volume of manual processes where automation is in a very early stage of development.

Damen is excited to share the results of its GHG measurements, which you can find in the next section of this report. The company is encouraged by the progress it has made so far, and is committed to continuing to improve its reporting and performances.



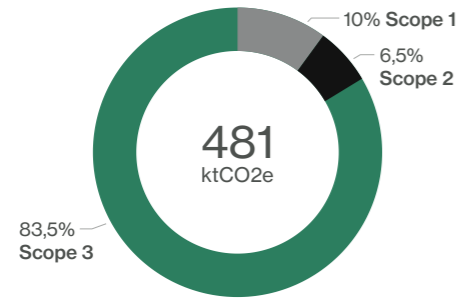
GHG data

Reporting entities



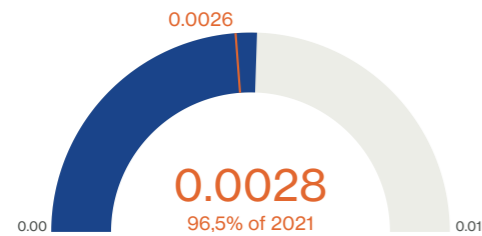
Damen Shipyards has made progress in increasing the number of reporting entities for its GHG emissions. In 2021, all production yards reported, and now other types of companies are joining the Group's efforts to report and reduce GHG emissions.

Total emissions of Damen Shipyards, by scope



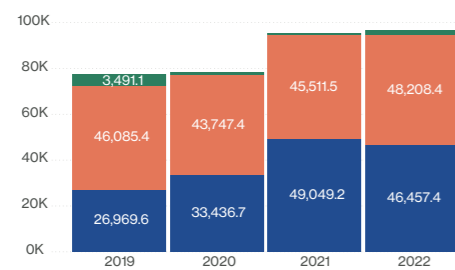
Damen Shipyards recognises the importance of focusing on the value chain to reduce its GHG emissions. The upstream emissions represent 75% of its total emissions, indicating the need to improve reporting and digitalisation to ensure control of emissions in the value chain. However, Damen Shipyards should continue leading the energy transition in its products and locations. Note, for comparability purpose with previous year, the full scope 3 will not be included in the other graphics as it was not calculated for both years. It will be represented separately.

Total CO2 emissions per production hour



Despite its efforts, Damen Shipyards did not reach its 10% reduction target. This is partly due to the inclusion of more entities and the reduction of the number of employees. The full scope 3 is not included in standard reporting, as it was done as a trial.

CO2 per year, in absolute values



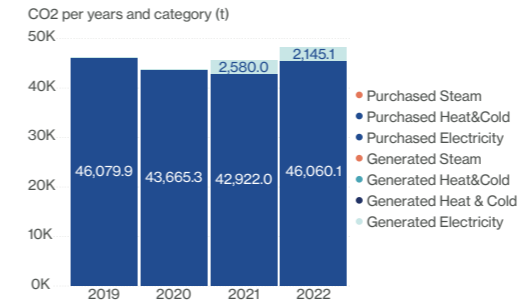
Despite an increase in production value in 2022, Damen Shipyards has managed to reduce its CO2 emissions in absolute value compared to 2021. This is mainly due to the lower scope 1 emissions. Although scope 3 travel, mainly business flights, has increased since Covid-19, it is still lower than before the pandemic.

Zoom-in on Scope 3 travel



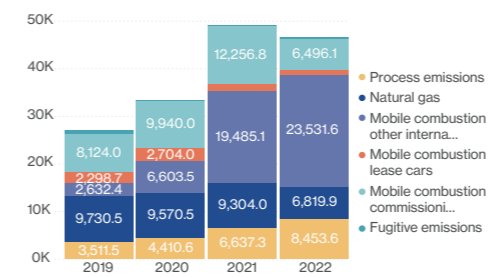
Damen Shipyards aims to keep business travel as low as possible and is proud of the working-from-home policy enforced after Covid-19 on most locations. Scope 3 travel has increased but is still lower than before the pandemic, with Field Services contributing the most. Damen Services is working to reduce this impact, as described in

Zoom-in on Scope 2



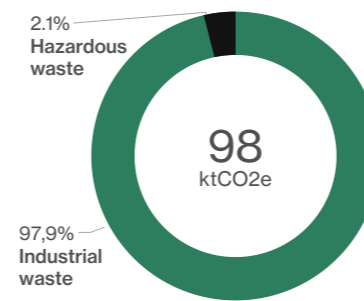
Despite the efforts of some yards to use recycled heat, Damen Shipyards did not effectively reduce its total electricity consumption in Scope 2. The number of reporting entities has increased, leading to more CO2 emissions in absolute values.

Zoom in on Scope 1



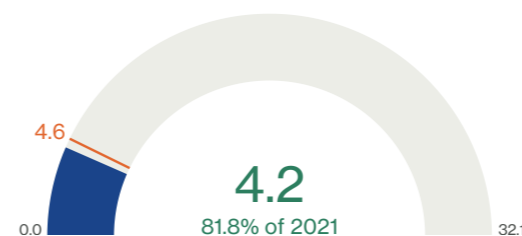
Damen Shipyards has successfully reduced its Scope 1 emissions, even in absolute value, despite the inclusion of more reporting entities. This is mostly due to the efforts of Damen Shipyards Galati, which reduced its emissions from 6,137T in 2021 to 4,464 in 2022, read more on pages 95-96. Most yards have also reduced their emissions in this scope.

Waste emissions by category



Waste emissions account for a significant portion of Damen's upstream emissions, representing 22% of our scope 3 emissions. It is crucial that Damen focuses on identifying and reducing the various types of waste in order to set effective reduction targets and develop plans to achieve them. However, the company currently faces a challenge in improving its data quality and completeness, as more than 50% of waste reported originates from unknown sources. This is one of the challenges Damen hopes to solve by focussing on Digitalisation next year (see page 73).

KPI on waste reduction (10% of previous year)



While Damen has successfully achieved its target of reducing waste produced by production hours by 10% compared to the previous year, the company recognises the need to improve the quality and completeness of its data. Without accurate data, it is difficult to assess Damen's progress and identify areas for further improvement. Damen is committed to enhancing its data reporting and analysis to enable it to make more informed decisions about waste reduction efforts going forward.

› **Water use & waste water**

Damen Shipyards operates in various locations globally, and the impact of its operations on the environment is a significant concern. Monitoring water use and waste helps the company to minimise its impact on the environment by reducing water consumption and properly treating wastewater.

Water is also a valuable resource, and reducing water consumption and waste can lead to cost savings. By monitoring water use and waste, Damen can identify opportunities to reduce water usage, improve water efficiency, and decrease operating costs. It's also a way to showcase Damen's commitment to sustainability and environmental responsibility to its customers, investors, and other stakeholders.

Unfortunately, while Damen has started collecting data consumption and requested the yards to monitor and reduce water consumption and water waste, there is still a long way to go. Measurement of water (consumption and waste) is not easy in some of the countries Damen operates in and the quality of data is not sufficient to get purposeful learning. The overall water consumption is lower, but it is not clear if it is due to data quality or targeted efforts.

YEAR	WATER CONSUMPTION	WATER DISCHARGE
2021	6.83M	0.4M
2022	5.46M	0.78M

Environmental protection in practice - Green yards initiative at Damen Shiprepair & Conversion (DSC)

› **Electric replacement at yards**

During 2022, there was a lot of sustainability focused work taking place at DSC yards throughout the division. At all yards, DSC is running a project to reduce CO2 produced by internal transportation. This sees all transportation equipment, covering everything from cherry pickers to company vehicles used also outside of work time, replaced by fully electric models at the point of retirement.

› **Shorepower**

At its Amsterdam and Vlissingen yards, DSC has been working towards a shorepower project. With this, the division is using generators to provide power to docked vessels to cover the hotel load. As a result, the vessels are not required to run on their own power, which considerably reduces emissions and has a profoundly positive impact on local air quality. The CAPEX required for the project has recently received Executive Board approval and DSC expects the project to be active by Q3 this year.

There is potential to roll out similar projects at other DSC yards in the future, dependent on the outcome of the initial project and the availability of funding streams for such activity.

› **Reusing residual heat**

At Damen Shiprepair Harlingen, DSC has invested in a heat recovery project. Located adjacent to a waste burning facility, DSC is now piping the residual heat from this facility into its covered hall. Within the hall, the yard has positioned a container-based heat exchanger system, with a heat exchanger repurposed from a converted vessel. With this, DSC is able to heat its hall with green, recycled energy.

› **Painting without pollution**

Damen Shiprepair Dunkirk has been working for some time already with a local company, towards the creation of an efficient robotic painting system. This project has seen significant progress during 2022, and the system is now in use, being trialled by a large container operator in order to compare performance with manual painting operations. Initial feedback has been positive.

The paint robot can handle the entire process, from preparation to painting, increasing the efficiency considerably. The system prevents paint from escaping into the air. A conventional, manual paint job sees, on average, 40% of paint released into the atmosphere. With the robot, this is reduced to just 3%. This represents a significant saving to the client, who usually supplies the paint to a project, and a considerable reduction in pollution and waste.

Damen Shipyards Galati taking the lead for CO2 reduction

During 2022, Damen Shipyards Galati (DSGa) has stepped up its sustainability activities considerably. A step towards this was the restructuring, at the beginning of last year, of the Environmental Protection Office team. The team, with support of the Board of Directors and Veronica Dumitrache, Marinela Cristescu and George Calinovschi has been able to make a significant step forward in achieving company goals in environmental protection.

The yard had set itself a number of targets for the year, as follows:

- › reduction of the carbon footprint by 3.5 compared to 2021
- › reduction of fresh water use by 3.5 compared by 2021
- › segregation of waste by 20% compared to 2021
- › reduction in the amount of waste generated by 7% compared to 2021

› **Increased efficiency**

Following a number of measure, DSGa was able to reduce its overall carbon footprint considerably more than initially anticipated; by 26.5% compared to 2021. Measures that the yard took towards achieving this result included reducing electricity consumption by mounting frequency converters on cranes and bridge cranes and modernising transformer stations. Over the same period,

DSGa increased use of electric vehicles to reduce emissions and constructed electric charging stations on location.

› **Waste reduction**

To achieve its goals in waste reduction, the yard took a number of steps. Firstly, it improved waste collection by reconditioning all waste containers and dedicating them to specific waste types. The containers were clearly labelled to indicate the type of waste they were suited to.

Following this, the yard commenced an awareness campaign, providing information on selective waste collection and training employees and subcontractors in the new processes. A further step was the keeping of clear records of shelf life for each category of products, thereby maximising the use of materials prior to end of shelf life.

With these measures, the yard achieved good results, reducing



the amount of waste generated by 13.3% compared to 2021. Additionally, DSGa increased the amount of waste it recycled by 19.7% compared to the year before

Each year, the yard supports a range of social initiatives including educational and research, humanitarian and health projects in the local community.

› Sponsoring the community

In 2022, DSGa focused its sponsorship on various social projects for DSGa employees, scholarships for students of the Faculty of Naval Engineering, welding materials, providing support for the Ukrainian community and providing medical equipment for the emergency hospital.

The company also has in place a finance programme for investment in education and environment for schools and non-governmental organisations. This fund, with an annual value of 50,000 euros has, in 2022, been awarded to three sustainability projects with long-term impact. These were as follows:

- › Building a green power plant and reducing 70% of all waste by composting it and building a community greenhouse and running environmental greening campaigns
- › installation of a solar panel system to reduce the cost of electricity consumed at a sports hall by more than 70%
- › installation of a solar panel system that will provide 50% of a local high school's electricity needs on average as well as making use of 300 decorative items made of recyclable materials.

› An eye on the future

Looking ahead, DSGa is trying to access European funds for various energy efficiency projects such as modernisation of its compressor station, installation of solar panels on its buildings, Implementation of an energy monitoring system, measuring electricity and drinking water consumption.

Collaborating toward a comprehensive framework for sustainable shipbuilding

Green Marine Europe is a partnership initiative led by the NGO Surfrider Foundation Europe. The goal of this initiative is to promote sustainable practices in the maritime industry by providing a framework for companies to measure and improve their environmental performance. The initiative is modelled after the successful Green Marine programme, which has been operating in Canada and North America since 2007.

Damen is actively participating in the development of the Green Marine Europe initiative. Damen has a strong commitment to sustainability and recognises the importance of reducing the environmental impact of its shipyards. By participating in this initiative, Damen is demonstrating its dedication to sustainable practices and its willingness to work collaboratively with other companies to achieve shared environmental goals.

The Green Marine Europe programme provides a comprehensive framework for assessing and improving environmental performance across a range of areas, including air emissions, greenhouse gas emissions, noise, waste management and community engagement. Companies that participate in the programme are required to meet a set of rigorous environmental standards and report on their progress annually. This level of transparency and accountability is essential for driving meaningful change in the shipbuilding and ship repair industry.

Damen's active participation in the development of the Green Marine Europe initiative is a testament to its commitment to sustainability. By working together with other companies and NGOs, Damen is helping to drive the adoption of sustainable practices in the maritime industry and reduce its environmental impact.



LOCAL COMMUNITIES

› Damen's ambition

Damen's long-term ambition is to be recognised as a trusted and valued partner in the communities where it operates. Damen aims to create lasting positive impacts on these communities through its operations, projects, and initiatives, and to foster mutually beneficial relationships with local stakeholders. Damen's goal is to be a responsible corporate citizen, actively contributing to the social, economic, and environmental well-being of the communities around it, and to continuously improve its approach to community engagement based on feedback and learning.

› Damen's 5-year objectives

Foster strong relationships with the communities where the company operates and create positive social impact by actively engaging with them to understand their needs and concerns, developing initiatives and partnerships that benefit both the community and Damen. Develop a community engagement framework to ensure consistency and effectiveness across all locations, and monitor progress and impact regularly.

› Targets 2027

1. Successfully launch and implement a centralised platform to manage and share community initiatives across all Damen entities worldwide.
2. Develop and publish a comprehensive framework for community engagement plans that is fully aligned with upcoming reporting regulation.
3. Develop and execute local community engagement plans in all areas of Damen's operations, focusing on building positive and long-lasting relationships with stakeholders and local communities.
4. Report regularly on progress and results in community engagement to key stakeholders, including employees, customers, and partners.

› Update on targets in 2022

1. Damen made progress in developing a centralised platform for community initiatives, however, adoption was lower than expected. As a result, further research will be conducted on this topic in 2023, including work with a university student.
2. As the CSRD publication was delayed, Damen is committed to developing a framework for community engagement plan aligned with the CSRD in 2023.

3. Yards have executed community engagement plans, but there is a need for a more structured approach, which will be integrated with the development of the centralised platform and CSRD-aligned framework.
4. Reporting on community engagement remains a challenge without a common platform that is easy to use for all, and Damen will continue to work towards finding a solution.

› Highlights 2022

Damen's commitment to community engagement extends to its employees and their families, especially in times of crisis. In early 2022, the company's focus was on supporting its colleagues in Ukraine who have experienced trauma and displacement due to the war with Russia.

To address this crisis, Damen Helpt foundation was established to provide assistance and raise funds for those affected. Since February 2022, over 300 colleagues and their families have been evacuated to Romania and Poland to ensure their safety. Dutch Damen employees collected essential supplies that were transported to Romania, and medical assistance was provided to those in need. For colleagues who wished to resume work, Damen provided suitable workspaces. In addition, efforts were made to ensure that children were enrolled in new schools and had access to education.

The Damen Helpt foundation's purpose is to extend support to Damencolleagues in times of crisis, providing financial and operational assistance to Damen employees and their families affected by emergencies.

Damen considers itself one family, united as One Damen. The safety of family members is the company's top priority, and Damen takes action to ensure that safety. The brutal attacks by Russia have caused immense devastation, fear, and suffering, and Damen stands with its colleagues in Ukraine during this difficult time.

In addition to supporting colleagues in Ukraine, Damen has continued its overall engagement in the local community with, for example, efforts to decentralise its Services offices to create more local opportunities, supporting the area in which Damen operates or engaging other in its love for the ocean.

Damen Helpt

Damen employees in Ukraine have experienced trauma and displacement, with many seeking refuge in neighboring countries. A new foundation, Damen Helpt, has been established to provide assistance and raise funds for those affected.

➤ **What has Damen done?**

Since February 2022, more than 300 colleagues and their families have been evacuated to Romania and Poland to ensure their safety. Damen has warmly welcomed them and provided a secure place for them to stay. Initially, temporary shelter was arranged in hotels, and later on, more permanent housing was found in apartments. For colleagues who wished to resume work, Damen provided suitable workspaces. In addition, Dutch Damen employees collected essential supplies that were transported to Romania, and medical assistance was provided to those in need. Furthermore, efforts were made to ensure that children were enrolled in new schools and had access to education.

The purpose of this foundation is to extend support to Damen colleagues in times of crisis. Damen aims to raise funds to provide financial and operational assistance to Damen employees and their families who are in or affected by emergencies. The first project will be to provide aid to those affected by the crisis in Ukraine.

Damen considers itself one family, united as One Damen. When the safety of family members is at risk, Damen takes action. The current situation with Russia's invasion of Ukraine and the resulting war has displaced many of Damen's colleagues from Marine Design Engineering Mykolayiv (MDEM) in Ukraine. The brutal attacks by Russia have caused immense devastation, fear, and suffering. As valued members of the Damen Shipyards group since 2006, with over 200 employees working mainly on engineering services, MDEM holds a special place in the Damen family.

Damen's priority is to ensure the safety of its colleagues by evacuating them to a secure environment, even if it involves navigating dangerous routes. Damen is committed to taking all necessary measures to protect and support its colleagues in crisis.



Until now



Galați has become the "second home" for hundreds of Ukrainian families

Almost a year after the outbreak of the war in Ukraine, Galați has become the "second home" for hundreds of refugees who fled the destructive actions of the Russian invaders. Many of the families that found salvation in Romania belong to employees of the company Marine Design Engineering Mykolaiv (MDEM), within the Damen Group.

"I had to go there myself.. It is crucial to listen to the women's and children's stories firsthand. They must have the opportunity to share their experiences and be assured that someone is listening. Understanding what they have endured is essential to providing the help they require. It's not just about offering aid; it's about comprehending their perspective." - Annelies Damen



Wilson Sons – a Damen partner case study

As part of its efforts towards ensuring a sustainable maritime industry around the world, Damen aims to have a positive impact on the communities wherever it operates. This takes on many forms. It includes, for example, supporting the development of the local supply chain, thereby creating increased employment opportunities. It also involves providing financial support and sponsorship for local initiatives in education, medicine and culture.

Another way in which Damen seeks to have a positive local impact in its global operations, is by aligning with partners who share its values in order to improve social and economic performance. A good example of this, is Damen's long-standing relationship with Wilson Sons in Brazil.

Wilson Sons is the largest operator of maritime and ports logistics in Brazil. The company, which has been in operation for 185 years, has been cooperating with Damen since 1994. The collaboration began when the two parties worked together on the local construction of a series of buoy-laying vessels for the Brazilian Navy. Following the success of this, the two companies began to collaborate on the construction of tugs in Brazil for Wilson Sons' towage division.

Later, Wilson Sons shipyard and Damen expanded their work to include offshore support vessels, such as oil spill recovery and platform supply vessels. To date, the companies have built 92 vessels together. The partnership works with Damen providing Wilson Sons shipyard with complete engineering packages, partial materials packages and Wilson Sons shipyard taking responsibility for construction and outfitting at its facilities.

› Support for a shipbuilding community

Wilson Sons' shipyard is located in the port of Santos in Guarajá. Some of its employees, like many who work in the well-developed city, travel from the other side of the river each day. On the side of the shipyard, which is largely industrial, there are a number of disadvantaged communities. Wilson Sons, over its many years, has developed a close bond with

these communities and, taking the view that its people are its most crucial asset, is proud to support them.

The company, for example, provides its employees with access to healthcare and invests in their development and training. Wilson Sons holds certification from SENAI; the National Service for Industrial Training. SENAI, 'a service to serve the world,' provides technical and vocational training to the benefit of Brazilian industry. Its qualifications are recognised in industry throughout the country, opening up a wide range of future prospects for trainees.

› Forging links with education

Wilson Sons also forges close links with local education establishments, conducting regular visits in order to get to know students and hand pick those most suited to work at the company. These are then provided with a job opportunity and access to training upon completion of their studies.

In this, the work of Wilson Sons, and indirectly of Damen, is helping provide skilled workers to Brazilian industry. As a result of this, more money is provided to the national and local economy, not only in the form of salaries, but also in national pension funds and taxation to support welfare initiatives.

› Care in the community

Wilson Sons is also providing care to its local community. For example, the company provides financial support to the social organisation Nas Ondas do Sabar. This professionally led organisation provides support for 100 children between the ages of six and twelve. As well as financial support, it focuses on sports and relationships, with the primary aim of highlighting the value of family bonds.

In exchange for use of local land for shipbuilding, Wilson Sons has also built a first aid centre close to its shipyards. The Unidade de Pronto Atendimento offers emergency care to local residents. On a similar basis, the company is also building a local school in exchange for land use over the coming 25 years.

› Access to culture

Furthermore, in a manner comparable with Damen's sponsorship of arts and culture in the regions in which it operates, Wilson Sons provides support to the Kero Institute, an organisation providing access to local Guarajá culture.

› Tug technology for cleaner operations

In its efforts to reduce the environmental impact of its operations, Wilson Sons is focusing on its tug operations. As the largest aspect of the company's activities, this has the potential to make the most positive impact. Damen's NOX Reduction System has been designed to help tug operators in IMO regulated areas to comply with IMO Tier III regulations. This does not apply to Brazil, though Wilson Sons has voluntarily taken up use of the systems in order to significantly reduce the emissions of its operations. Additionally, Wilson Sons in 2022 began a shore power project, supplying stand-by vessels with electricity from shore in place of energy from onboard generators. This helps to considerably reduce air pollution in port areas and, given that 85% of electricity in Brazil is produced from sustainable sources, has a considerable impact.

› Thinking local

With its long history of operations in the Province of Zeeland in the southwest of the Netherlands, Damen Naval feels a strong sense of responsibility to the local community. Together with Damen Yachting and Damen Shiprepair Vlissingen, Damen Naval is the largest employer in Vlissingen and on the (former) island of Walcheren.

Damen Naval is working alongside the local authorities to help reframe the image of the region. Currently, Zeeland suffers from an outflow of younger people and, consequently, a lack of skilled employees. One way the division is helping to redress this issue is by opening channels with local schools and education establishments, for instance giving lectures

highlighting the career opportunities available to people in the region. The division views this as crucial, in order to develop the next generation of naval vessels, it requires the next generation of talent to support its innovation efforts.

› Good practice starts at home

Damen Yachting's approach to sustainability is also focused on the area in which it operates. The division seeks to engage with the local community on many levels. One of the key ways in which it does this is by providing employment of high standard for the local population. At the same time, this helps to preserve the institution of shipbuilding in the Vlissingen area, where the industry has been a source of employment for hundreds of years.

› Good neighbours

Damen Yachting also seeks to be a good neighbour, monitoring, and where necessary reducing, noise levels associated with the creation of its yachts. From its coastal location, Damen Yachting aims to stimulate local awareness of the importance and plight of the sea. To this end, the division has sponsored the provision of large litter bins created by local artists using waste washed up on the seashore.

› Connected to the sea

Damen Yachting's connection to the sea is also the inspiration of its Love our Oceans crew campaign. This is a chance for those on the water to share their moments at sea on film. With their photos, those who sail aboard the division's yachts help to raise awareness of the oceans and show why they, and the life within them, are worth caring for.





Sustainable solutions

Material topics

Environmental topics

- Climate Change
- Energy transition
- Pollution
- Circular economy
- Biodiversity and ecosystems
- Water and marine resources
- Consumers and end-users



Design for sustainability

3

› Damen's commitment

Damen is committed to promoting circularity and combatting climate change by offering innovative, emission-free vessels that use alternative, sustainable sources of energy. Damen will proactively seek out and invest in new technologies to reduce its environmental impact, and support its customers in their own energy transitions. Damen's aim is to become a market leader in providing circular and emission-free maritime solutions that create a positive impact on the environment and local communities.

› Damen's 5-years objective

By 2027, at least 50% of Damen's offering will consist of innovative and circular maritime solutions that are emission-free and contribute to combatting climate change. These solutions will meet or exceed the highest sustainability standards in the industry, and will be recognised with an E3 label.



► Highlights 2022

In 2022, Damen made significant progress towards providing sustainable maritime solutions. The company's Workboats division produced and delivered its first full electric tugs, upgraded its exhaust gas aftertreatment systems, and signed an MOU with Caterpillar to jointly develop methanol-powered vessels. Damen's Commissioning Service Operations Vessel (CSOV) 8720 is a hybrid-electric vessel that reduces fuel consumption and can be quickly adapted to sail fully electric with zero emissions. The Yachting division also saw significant progress with the integration of Hybrid by Amels technology and investigations into powering yachts with methanol fuel cells.

Damen also made strides in promoting sustainability and circularity, such as co-writing a whitepaper on measuring circularity for capital equipment and introducing the Circular Transition Indicator tool to measure circularity on a product level. Damen encourages investment in more sustainable

vessels through its financing strategy and is moving towards a servitisation business model with pay-per-use options. Damen Shiprepair & Conversion carried out numerous projects to reduce the environmental impact of the maritime industry, such as upgrading vessels to comply with new regulations and integrating peak shaving installations to reduce emissions.

Finally, Damen continues to innovate and lead the maritime industry in sustainability. The company's focus on sustainability is driven by regulations, such as the need for zero-emissions vessels operating in the region by 2050. Damen is working closely with industry partners and research and educational institutes to reduce fuel consumption and emissions and introduce low-emissions hydrogen as fuel for the maritime passenger sector. Overall, Damen is proud to be contributing to the global shift towards sustainability in the maritime industry, and looks forward to continuing to innovate and improve in this area.





ZERO EMISSIONS

› Damen's ambition

Damen's ambition is to become a leader in sustainable and innovative zero-emission solutions by developing a 100% zero-emission portfolio. The company strives to create a future where its customers can operate with zero net carbon emissions, and its products and services contribute to reducing the overall carbon footprint of the industries Damen serves. By achieving this ambition, Damen aims to be a driving force in the transition towards a more sustainable and low-carbon economy.

› Damen's 5-year objective

Damen aims to develop a comprehensive portfolio of adaptable and sustainable green solutions with alternative fuels, where at least three-fourths of the portfolio have an alternative solution powered by zero-emission technologies.

› Our targets 2027

1. Embed environmental, efficient, and economic considerations (E3) into decision-making processes, particularly during the design phase, to ensure the delivery of fit-for-purpose solutions and creating long-term value for stakeholders.
2. Integrate sustainability into risk management process to enhance decision-making and risk mitigation efforts as early as possible in a project.
3. Offer customers access to Triton, a comprehensive environmental performance measurement tool for vessels, and ensure its availability for both newbuild and repair services, providing customers with a reliable and cost-effective means of monitoring and improving their environmental performance.
4. develop a clear and comprehensive model for demonstrating the value of sustainable solutions in the financing process of a vessel.
5. Develop a specific sustainability plan for each product market combination (PMC), ensuring which sustainable alternative can be offered to customers.
6. Identify and evaluate opportunities for sustainable fleet optimisation (E3 principles), and integrate them into offers to customers to enhance competitiveness and reputation.

› Update on our targets in 2022

1. The process of improving the in-house definition of a sustainable solution (E3) was started with participation of all Divisions of Damen.

2. A Risk directive was developed and should be implemented in 2023 to ensure sustainability aspects are integrated in the risk assessment of a project.
3. Triton is available and is implemented more widely. Specific projects have been started by DFS and DMV on this; Yachting is also including this service on board of yachts.
4. Initiative with Damen Financial Services to stimulate sales & production of more sustainable solutions through green financing.
5. Part of the requirements in the 5-year plan for divisions. Workboats is already working on it.
6. This will be part of a sales training programme to identify sustainable improvement for customers and support their sustainability ambitions.

› Highlights 2022

In 2022, Damen made significant progress towards its commitment to provide sustainable maritime solutions. The company's focus on building ships that are cradle-to-cradle and operate emission-free continued, with several key achievements.

Damen's Workboats division produced and delivered its first full electric tugs and is planning to electrify other vessels, such as the ASD Tug 2111, and develop hybrid vessels for the offshore wind market. Damen also signed an MOU with Caterpillar to jointly develop methanol-powered vessels, with the first one anticipated to be ready in 2025/2026. In addition, Damen's exhaust gas aftertreatment systems were upgraded to reduce particulate matter emissions.

The Damen Commissioning Service Operations Vessel (CSOV) 8720, a hybrid-electric vessel, reduces fuel consumption by 5-10% and can be quickly adapted to sail fully electric with zero emissions. Damen is also preparing the CSOV to use methanol as a fuel and providing general arrangement plans to help clients prepare for the transition.

The Yachting division also saw significant progress, with the integration of Hybrid by Amels technology into its yacht series, the installation of Damen Triton remote monitoring data collection and analysis systems, and investigations into the possibility of powering a yacht with methanol fuel cells.

Looking towards the future, Damen has set several ambitious objectives for 2027, including embedding environmental, efficient, and economic (E3) considerations into its decision-making processes, integrating sustainability into its risk management process, and developing specific sustainability

plans for each product market combination. Damen's continued focus on sustainability and innovation ensures the company remains at the forefront of the industry, building bridges towards zero emissions and a more sustainable future.

Redefining the E3 label and lifecycle assessment capabilities

It is Damen's aim to deliver products and services that leave a positive impact on the environment and society, ensuring the long-term resilience of the company. Damen will build its ships cradle-to-cradle and operate them emission-free. By expanding its leading position in the standardisation of shipbuilding, Damen can provide sustainable, innovative maritime solutions. To create a collective understanding of a sustainable maritime solution, cross-divisional workshops have been introduced in 2022 to clarify and capture the definition in the updated E3 label.

The E3 label is a quality label with the aim to encourage innovative sustainable solutions (beyond existing regulations) and ensure the sustainable impact of the solution can be

communicated to external stakeholders. E3 stands for the objectives: Environmentally friendly, Efficient in operation, and Economically viable. Within the different objectives, performance indicators are defined.

Next to the definition of a sustainable solution, the Damen Lifecycle Assessment Capability project has kicked off in 2022. The aim of the project is to enable Damen colleagues to make decisions and set goals that have a positive impact on the environmental performance of the vessel throughout the complete lifecycle of vessels (cradle-to-cradle) based on reliable environmental data.

In 2023, Damen will continue updating the E3 criteria to make sure they are in line with external developments and relaunch the label within the Damen organisation. Next to this, the lifecycle capabilities will be further developed in 2023.

Workboats vision for a greener maritime future

With the launch of its first fully electric tug, the RSD-E Tug 2513 'Sparky', last year, the Workboats division is making significant progress in making vessels more sustainable.

'Sparky' has proven to be successful, generating encouraging feedback from its operators, the Ports of Auckland.

In particular, the captain of the vessel has been very positive. Initially, having operated exclusively diesel vessels for the entirety of his career, the captain needed some time to adjust. However, after a settling-in period, he now reports satisfaction with the tug's performance and improved well-being onboard courtesy of the considerably reduced noise and vibrations.

› Electric expansion

As a result of the success of the first RSD-E Tug 2513, Damen Workboard division is currently producing four more units. The next generation of vessels will benefit from lessons learned during development of the first model and incorporate a process of evolution. For example, Damen is considering the installation of higher capacity batteries in future models. This will allow a greater degree of choice, allowing operators to either boost bollard pull or increase endurance. Resulting from this, the RSD-E Tug 2513 will be of relevance to an increased number of ports.

Beyond this, the company is also planning to expand use of the Damen E-drive, enabling electrification of vessels, firstly to its new ASD Tug 2111 and then to more product types. Amongst the first vessels that Damen will apply electrification technology to are hybrid vessels for the offshore wind market; the Fast Crew Supplier (FCS) 2710 and the FCS 3210. Damen is constructing three and four of these vessels respectively for Purus Marine. You can read more about this on page 53. Additionally, the company is able to supply its Cutter Suction Dredger (CSD) range fully electric with the simple use of a shore connection.

The company is additionally working towards developing its currently hybrid Waterbus into a fully electric design, in preparation for further advances in battery technology.

› Sustainability as primary tender focus

During 2022, Damen participated in a tender for six vessels for the Swedish Coastguard. This was the first tender in the history of the Damen Shipyards Group where sustainability was the primary focus. This came in the form of a requirement for tenderers to reduce fuel consumption and associated emissions. Having put forward carbon fibre lightweight Stan Patrol vessels, Damen was the successful bidder and will deliver the first vessel during Q1 next year.

› MOU for methanol propulsion

Damen has also signed an MOU with Caterpillar in 2022. Within the framework of this agreement, the two parties are jointly developing methanol powered vessels. The vessels, when completed, will sail with different operators under Damen Financial Services. In this way, Damen is learning, together with its clients and suppliers, in this disruptive environment. You can read more about the current activities of Damen Financial Services on page 53.

The MOU is Damen's first step to ensuring its readiness for the transition to methanol when it comes. Under the agreement, Caterpillar will provide Damen with information on how to prepare a vessel for a methanol engine, while Damen provides Caterpillar with the information on what is required from the engine. Currently, Damen anticipates the first methanol powered vessel to be ready 2025/2026.

› Reduced particulate matter

Over the last year, Damen has continued to develop its exhaust gas aftertreatment systems for forthcoming environmental legislation. Already a standard option for the shipbuilder's ASD tug and High-Speed Craft portfolio, as well as being available for third parties, the Damen Marine NOX Reduction System ensures compliance with IMO Tier III regulations. Now, the company is upgrading the system to reduce particulate matter emissions.



Going beyond Zero Emission for Sustainable solutions

› **Total service provision**

In addition, the Workboats division, in alignment with group ambitions, is looking beyond the delivery of a single product. Its aim is to provide a total solution. To this end, the division has developed its own charging infrastructure. Enhancing this is a goal for the future and Damen is currently in contact with suppliers to assess the best way forward with this. The company is also participating in the HYPOBATT project, which aims at making systems interoperable in order to establish a charging network that can be used by multiple operators for diverse vessel types.

Enhancing well-being

The division is also focusing on crew well-being, making its vessels both more comfortable and easier to use. Last year, this focus included a re-design of onboard living accommodation, incorporating gyro technology to reduce rolling motions and adding an artificial horizon to multimedia systems onboard CTVs to reduce seasickness.

The division is also advancing its work on vessel automation. The increasing intelligence of Damen vessels provides additional guidance for fault finding, making the role of the chief engineer more straightforward and ensuring easier sailing and maintenance in general.

› **The CSOV 8720 – an exercise in efficiency**

The Damen Commissioning Service Operations Vessel (CSOV) 8720 is designed to support wind farm installation in northwest European waters. As such, it fulfils a key role in the energy transition.

In alignment with this role, the vessel features an efficient propulsion system that never uses more power than is necessary. With its hybrid-electric system, the vessel has no need for a backup diesel generator. Another feature is the advanced switching in the electric distribution system which can rapidly detect faults and take corrective actions. Taken together, these characteristics contribute to a reduction in fuel consumption – and therefore emissions – in the region of 5 – 10%.

› **Prepared for the future**

With the CSOV 8720, Damen is also preparing for the future. The vessel's hybrid system, for instance, is ready for expansion. With this, if offshore charging becomes a possibility, the CSOV can be quickly adapted to sail fully electric and zero emissions for extended periods of time.

Potential future availability of alternative fuels has also played a role in Damen's development of the vessel. The offshore wind industry is investigating the possibility of producing clean hydrogen at wind farms. When this moment arrives, the CSOV will be well positioned to take advantage.

Continual sustainable evolution

In the first phase of this development, Damen is supporting its client in preparing the vessel to sail on hydrogen 13% of the time, with a commensurate reduction in CO2 emissions. With ongoing evolution of the design, Damen intends to work towards 100% hydrogen capability in the future.

Similarly, Damen is also preparing the CSOV to use methanol as a fuel. All tanks, cofferdams, fuel handling spaces and hazardous zones are already included. Damen is installing the vessel with engines that can be converted to run on methanol once the market is there, which is expected within the coming decade.

› **Supporting the transition**

To help its clients prepare for this transition, Damen is providing general arrangement plans that detail the path to a straightforward conversion. In the initial phases of using methanol as a fuel, Damen anticipates that the vessel's emissions will be reduced in the region of 85%. In time, with the expected increase in production of clean methanol, there is the potential for this to reach zero emissions.

Zero emissions offshore support

In another step towards zero emissions offshore operations, the division is currently developing a fully electric version of its Service Operations Vessel (SOV). This follows on from Damen's successful deliveries of a fully electric harbour tug and several electric ferries.

To make this efficient propulsion solution a reality for larger ships, Damen is working with UK-based MJR Power and Automation towards the development of an offshore charging system. A number of offshore wind energy companies have expressed interest in the concept, which would a considerable boost in efficiency with the direct harnessing of wind generated energy on location.

› **Zero Emission Yachting**

The division has integrated Hybrid by Amels technology into the Amels 60 and Amels 80 yacht series as a bridging solution towards the implementation of proven zero emissions solutions tomorrow.

This allows the yacht to cruise at low speeds using electric propulsion, reducing its emissions. In support of the integration of hybrid technology, Damen Yachting is also installing Damen Triton remote monitoring data collection and analysis systems on its yachts.

Triton allows Damen Yachting to build a more accurate picture of the user profile of its yachts and take steps accordingly to improving their efficiency. This has shown, for example, that yacht owners and crew are embracing the use of hybrid technology, confirming there is a market demand for such solutions.

What this also reveals is that there is a potential for alternative fuel use in the yachting sector. As crew are not always seeking to operate at high speeds, then there is a potential to use less energy dense fuels.

Damen Yachting is already looking into the possibility of powering a yacht with methanol to substantially reduce emissions. The research it conducts varies from that conducted for a commercial vessel in that a superyacht is at anchor approximately 80% of the time. As such, the division is focused not exclusively on the reduction of emissions when sailing, but also those resulting from the hotel load. So far, Damen Yachting has discussed options with a number of fuel cell manufacturers and is planning to team up with a third party in order to exchange knowledge. Based on this, the division is planning to develop a yacht design using methanol fuel cells. In the long-term, the aim is to create a modular system that can be applied to multiple yachts.





› **Building bridges to zero emissions**

The technologies that will enable zero emissions yachting lie in the future. However, Damen Yachting is already working towards their preparation.

› **First electric Multi Cat**

In 2022, Damen Shipyards Hardinxveld developed the first fully electric Multi Cat. The vessel will support dredging operations close to shore, giving it access to charging infrastructure. The venture has also been working on the production of a fully electric ferry for Damen's client, the Germany-based company Reederei Norden-Frisia. The vessel will transport passengers with zero emissions from Norddeich to the island of Nordeney.

› **Hydrogen pioneer in inland shipping**

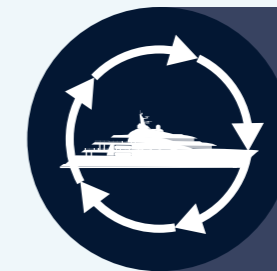
Concordia Damen is working on a number of projects relating to the energy transition. Amongst these is the construction of the first hydrogen powered inland shipping vessel. The

135-metre MV 'Antonie' will transport salt from the northern Dutch Port of Delfzijl to the Botlek in the Port of Rotterdam with considerably reduced emissions.



› **Harnessing the wind for Cargo vessels**

Cargo Vessels is currently constructing a series of coasters with a robust focus on sustainability. In addition to sailing on clean biofuels, the vessels will sail with the support of a Flettner Rotor. This wind assisted form of propulsion considerably reduces the amount of fuel consumed by the vessel, thereby lowering its emissions output.



CRADLE TO CRADLE

› **Damen's ambition**

Damen aims to have a fully circular business model, where all of its vessels are designed and built to be fully recyclable, and the company operates using a circular economy approach. Damen will work towards achieving this ambition by further integrating circular economy principles into its product development, production processes, and supply chain management, and by partnering with customers, suppliers, and other stakeholders to create new circular value propositions and business models. Through these efforts, Damen seeks to contribute to the transition towards a more sustainable and circular maritime industry, and to deliver long-term value for its stakeholders while minimising its impact on the environment.

› **Damen's 5-year objective**

Damen aims to develop and implement circular value propositions that support the principles of a circular economy and create long-term value for its stakeholders. The company will strive to optimise resource use, reduce waste and emissions, and extend the life of its products through innovative design, materials selection, and end-of-life solutions.

› **Targets 2027**

1. Develop and define integrated lifecycle propositions for Damen vessels that take into account the entire value chain, including design, construction, operation, and end-of-life management.
2. Measure the sustainability value and performance of current Damen solutions, including both environmental and social impact.
3. Define specific improvements needed to make Damen solutions more sustainable, such as incorporating bio-inspired design principles and sourcing sustainable materials.
4. Develop, embed, and execute an improvement plan to ensure Damen solutions are continuously improved with sustainability in mind.
5. Identify and develop lifetime extension needs and initiatives for customers' current fleet, such as repair and refit programmes, to ensure that vessels remain operational for as long as possible and minimise waste.

› **Update on targets in 2022**

1. Damen has integrated circularity principles into its "sustainable solution" definition, E3, in close cooperation with all divisions and external experts.
2. Two vessels have been assessed using the Circular Transition Indicator (CTI) tool to measure their circularity potential and impact, and Damen plans to expand this analysis to gain greater insight into the circularity of more of its products.
3. These efforts are part of a 5-year development plan for product-market combinations.
4. Results from the CTI tool have led to a new project to measure the complete lifecycle of vessels, which will provide better insight into their impact and opportunities for improvement. This project will be supported by the ongoing implementation of the new design tool (3DS) that enables forward-thinking design.
5. These initiatives will be incorporated into sales training that will be developed in 2023.

› **Highlights 2022**

Damen made significant strides in promoting sustainability and circularity in 2022. As part of the Capital Equipment Coalition for a circular economy, the company co-wrote a whitepaper on measuring circularity for capital equipment and introduced the Circular Transition Indicator tool to measure circularity on a product level. Damen plans to continue creating awareness on circularity in 2023 through e-learnings, and encourage practical projects to create a circular blueprint and integrate circular principles in the design process.

Through the division, Damen Financial Services, the company worked to get new, cleaner vessels on the market and served as a catalyst for maritime sustainability. Damen encourages investment in more sustainable vessels through its financing strategy and is moving towards a servitisation business model with pay-per-use options. Additionally, the company operates several modern vessels with a high degree of sustainability.

Damen Shiprepair & Conversion carried out numerous projects to reduce the environmental impact of the maritime industry, such as upgrading vessels to comply with new regulations and



integrating peak shaving installations to reduce emissions. DSC also contributed to European energy independence by upgrading three LNG FSRUs, including installing selective catalytic reduction systems to clean exhaust emissions.

In the cruise sector, Damen signed an agreement with the Meyer Group to improve sustainable performance and aims to develop more supplier partnerships to promote more efficient

engines during refit work. Lastly, the Sparky Circularity Project aims to measure material circularity using the CTI tool and establish a baseline for cradle-to-cradle sustainable design.

Overall, Damen remains committed to sustainability and circularity, and will continue to explore innovative solutions and partnerships to promote a more sustainable future for the maritime industry.

Cradle-to-Cradle – SDG 12 Responsible production and consumption

› Damen and the circular economy action agenda for capital equipment

Damen is actively involved in the Capital Equipment Coalition (CEC) for a circular economy, as part of the Platform for Accelerating the Circular Economy (PACE). A circular economy for capital equipment is important because its production uses 7.2 billion tons of raw materials annually, including large amounts of high-value metal and mineral resources. Because of the higher value at stake, the capital equipment sector is leading the way in many aspects of the transition to a circular economy by focusing on maximising value creation with minimal materials.

As part of the coalition, Damen has cowritten the Capital Equipment Coalition whitepaper on measuring circularity for capital equipment. In the whitepaper, gaps, challenges, and recommendations for an evolving metrics landscape have been defined. Next to the whitepaper, the Circular transition indicator tool (CTI tool) has been introduced to start measuring circularity on a product level to define the circular baseline of vessels. Damen's city ferry and tug have been assessed in the CTI tool and recommendations have been proposed based on hot spots such as increasing the use of recycled content for steel and develop end of life strategies for batteries in collaboration with suppliers. These baselines are also a starting point for conversations with suppliers on information and to start communicating the circular ambitions within the value chain.

To develop awareness and skills on the topic of circularity, workshops are performed during the Damen sustainability

week and more specific workshops have been performed with product groups within the OSV and Workboats divisions on how to include circular design principles in the design process. The circular principles like a design for dis- and reassembly, upgradability, standardisation, and modularity for the Damen ferry 2306 E3.

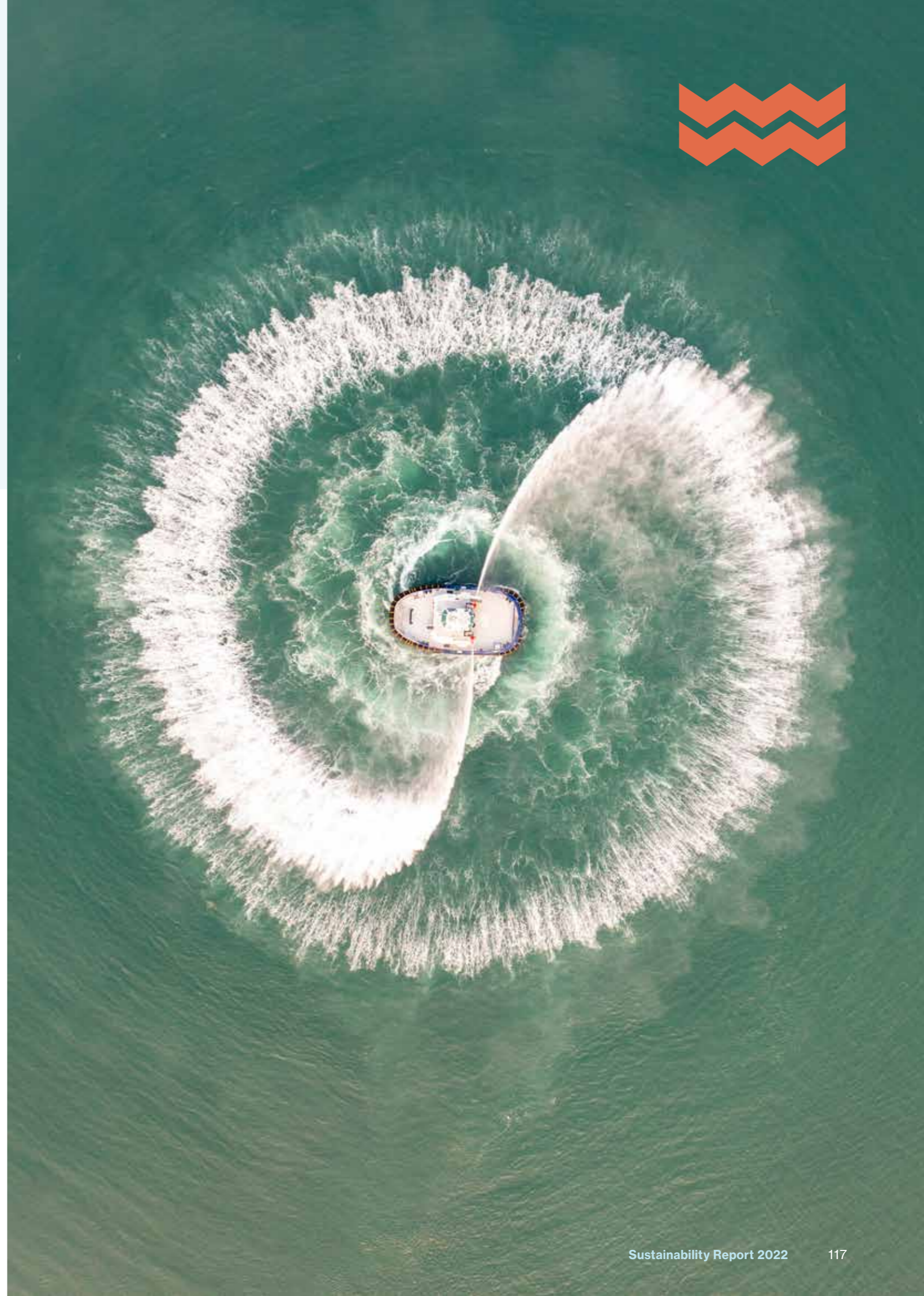
In 2023, Damen will continue creating awareness on the topic of circularity with e-learnings, and further research and initiatives are encouraged for practical projects to create a circular blueprint and a method for integrating circular principles in the design process.

› Investing in circular value proposition

Damen Financial Services is working hard to get new, cleaner vessels onto the market, taking on a role as a catalyst for maritime sustainability. The division is, for example, encouraging investment in new, more sustainable vessels via its financing strategy. For instance, the division is making equity and lifelong leasing available for electric, zero emissions vessels, whereas it is limiting lease length and equity for older vessels.

The division is moving towards a business model of servitisation, attracting clients with pay-per-use models. To accommodate this, it established an operations department during May 2022, almost doubling its number of FTEs in the process. The rest of the year was spent preparing for the integration all of the group's short-term rental and chartering operations as of January 2023.

As a result of this, Damen Financial Services, via Damen Marine Services or joint business ventures, now operates a



number of modern vessels with a high degree of sustainability. This includes both offshore vessels, such as the FCS 7011 'Aqua Helix', which applies cutting-edge technology to ensure crew and passenger well-being, and public transport vessels, such as the hybrid-electric Waterbus.

Increasing longevity of vessels at DSC

› Sustainable projects

Over the last year, DSC has carried out numerous projects that help reduce the environmental impact of the maritime industry. These include upgrading existing vessels to IMO Tier III standards, ensuring their efficiency is suitable for compliance with new regulations. The division has also integrated a peak shaving installation to offshore vessels, reducing emissions in operation and allowing installation of cleaner, more efficient engines.

Other noteworthy projects during 2022 include the conversion of a Damen Platform Supply Vessel into a humanitarian support vessel at Damen Shiprepair Amsterdam.

› Towards European energy independence

Towards the end of the year, Damen Shiprepair Brest carried out upgrades to three, 294 metre LNG FSRUs simultaneously. One of the three vessels received selective catalytic reduction system to clean its exhaust emissions. All three of the vessels will contribute to support European energy independence, supplying cleaner LNG to the continent to help it transition from conventional gas fuels.

› Cruising to clean performance

Recently, DSC has signed an agreement with the Meyer Group to help improve sustainable performance in the cruise sector. Discussions about the agreement commenced in summer 2022 with a view to forming a collaboration between DSC and Meyer RE. The subsidiary offers cruise operators solutions to maximise sustainability over the lifecycle of their vessels. By pooling resources, the partnership is able to extend its

offering, utilising DSC's strategically located yards to perform conversion and refits, integrating more sustainable technologies and propulsion methods to existing vessels. DSC has the ambition to develop more such supplier partnerships in the future including one that promotes the installation of more efficient engines during refit work.

› Sparky Circularity Project: Measuring Material Circularity for Damen's Greenest Ship

Damen is pleased to announce the findings of the Sparky Circularity Project, which aims to measure the material circularity of system codes using the Circular Transition Indicator (CTI) Tool. After months of research, the project is in its final stages.

'Sparky' was chosen for this initiative because she is one of Damen's greenest ships. Although, it is important to emphasize that being electric does not automatically make a vessel circular. To achieve cradle-to-cradle sustainable design, it is essential to identify key focus points for improvement. The findings and recommendations, which will be presented soon, will underscore the potential impact of Damen's efforts in creating a more sustainable future. Damen believes that the circular economy and sustainable design are critical components of this vision, and aims to establish a baseline for 'Sparky' to pave the way for future vessel designs.

The project's scope has mainly been on material sourcing, identifying areas where more recycled content can be implemented, and where more sustainable alternatives can be substituted. It is crucial for Damen to know what materials go into its vessels and to work with suppliers to communicate the importance of sustainable sourcing and material selection.

The goal is to encourage everyone to prioritise sustainable material sourcing through effective communication and initiatives like this. Promoting awareness and action towards sourcing materials more sustainably will create a more circular economy.



INNOVATION

› Damen's ambition

Damen's long-term ambition is to be a leading innovator in the maritime industry by developing sustainable solutions through cutting-edge research and innovation. Damen strives to create a greener future for the industry by pushing the boundaries of technology and collaborating with industry partners, research institutes, and educational institutions to find innovative solutions to the challenges facing the sector. The company's goal is to develop a range of sustainable and efficient vessels that minimise environmental impact, reduce fuel consumption and emissions, and provide reliable and cost-effective operations for its customers. Through research and innovation, Damen aims to make a significant contribution to the global effort to reduce carbon emissions and achieve a more sustainable future.

› Damen's 5-year objective

Over the next five years, Damen aims to drive innovation in the maritime industry by collaborating with partners to create sustainable solutions that reduce environmental impact. Damen will work with leading industry organisations, research institutes, and universities to develop innovative propositions that accelerate the transition to a more sustainable maritime sector. Damen will also leverage its experience and expertise to identify new market opportunities and develop products and services that meet the evolving needs of customers.

› Targets 2027

1. Identify and explore at least five new sustainable opportunities in the Damen product market combination (PMC) through continuous research and innovation, with the aim of challenging current practices and pushing the boundaries of sustainability.
2. Become the preferred partner for at least three leading organisations in the maritime ecosystem by providing innovative solutions and being a driving force for success.
3. Establish a comprehensive talent attraction programme that highlights Damen's commitment to sustainability and innovation to ensure the RDI capacity of Damen remains optimal.
4. Develop a standardised framework for partnerships that allows Damen to collaborate with a range of stakeholders, including suppliers, customers, research institutes, and governments. The framework should provide clear guidelines for how to establish and manage sustainable partnerships effectively.

5. Establish partnerships with at least three equipment manufacturers to develop a Damen-wide alternative fuel proposition that can be applied to different vessel types. The proposition should be based on sustainable and low-emission technologies, with the aim of reducing the carbon footprint of Damen's fleet.
6. Increase employee engagement in sustainability initiatives through training and development programmes, increase employee participation in at least one programme related to sustainable innovation.

› Update on our targets in 2022

1. Damen's RD&I department has been actively exploring new sustainable opportunities in partnership with industry experts and educational institutes. As a result, the company has identified several potential areas of growth and investment, including alternative fuels, energy-efficient vessels, and sustainable marine technologies.
2. Damen has continued to position itself as a premium partner in the maritime industry, offering innovative solutions and services that meet the evolving needs of customers.
3. Damen focused on attracting top talent by providing training and development opportunities and fostering a diverse and inclusive workplace culture.
4. Damen has also streamlined its organisational structure to improve efficiency and foster greater collaboration between departments and will now focus on a framework.
5. Damen has made progress in developing an alternative fuel proposition, with a focus on hydrogen as a low-emission fuel for the maritime passenger sector. The company has partnered with leading equipment manufacturers (e.g. Caterpillar) to develop innovative solutions and technologies that reduce emissions and improve efficiency.
6. As part of the overall communication programme, trainings have been developed for employees and will be further improved in 2023. The possibility to involve more Damen employees in programmes still need to be investigated.

› Highlights 2022

Damen is proud to be at the forefront of innovation in the maritime industry, particularly when it comes to sustainability. With the observation of increase in demand for sustainable workboats in the European market, Damen has recognised the need to prioritise sustainability in its research, development, and innovation (RD&I) efforts. This shift towards sustainability is driven by regulations, such as the need for zero-emissions

vessels operating in the region by 2050. Project sustainability has also become key to winning tenders, as shown by Damen's successful tender for a series of six Stan Patrol vessels for the Swedish Coastguard, where the primary consideration was reduced fuel consumption.

Damen has also observed a consistent increase in demand for alternative fuel and electrically propelled vessels, with the ferry sector leading the transition due to governmental involvement in issuing tender calls and related subsidisation. The company believes that there is potential to further increase the demand for electric vessels by making use of its business model, which is particularly well-suited for standardised vessels.

Damen is also working closely with the Ministry of Defence and Royal Netherlands Navy as partners on concurrent design towards the development of sustainable naval vessels. Damen's focus is on reducing fuel consumption and emissions, as well as increasing automation and reducing underwater

noise. Additionally, Damen Naval is active in the European Defence Fund, promoting cooperation among companies and research actors throughout the European Union towards the development of state-of-the-art interoperable defence technology and equipment.

Damen's RD&I department is actively involved in projects aimed at improving vessel sustainability, and works with industry partners and research and educational institutes, especially at the European level. Damen has contributed to several projects, including LeanShips, RAMSSES, NAVAIS, HOLISHIP, STASHH, and SEABAT. These projects focus on developing new technologies and processes to reduce fuel consumption and emissions, increase efficiency in design and production, and introduce low-emissions hydrogen as fuel for the maritime passenger sector. Overall, Damen is proud to be contributing to the global shift towards sustainability in the maritime industry, and looks forward to continuing to innovate and improve in this area.

Rising Demand for Sustainable Vessels in the European market

In its observations of the market for workboats in the European region, Damen sees rising demand for sustainability. With the need to have zero emissions vessels operating in the region by 2050, this is no surprise, given the sometimes 30-year lifespan of the product.

› Sustainability: the key to tenders

Project sustainability is becoming key to winning tenders. A good example of this, is Damen's successful tender for a series of six Stan Patrol vessels for the Swedish Coastguard. For the first time in Damen's history, the primary consideration of the tender was a sustainable factor; reduced fuel consumption. This Damen achieved by constructing the vessels from lightweight carbon fibre.

› Changing patterns in demand

Damen's observations reveal a consistent increase in demand for alternative fuel and electrically propelled vessels.

The sectors displaying most interest in sustainable vessel technology in the region presently are harbour and terminal (split between electric and alternative fuels), offshore (focused on alternative fuels), public transport (split between electric and hybrid), seagoing transport (split between electric and alternative fuels) and dredging and marine contracting (focused on electric).

› Interpreting market potential

Interpreting the data for Damen's activities in the Benelux reveals strongest potential for the construction of tugs, followed by high-speed craft (notably ferries), then offshore and cargo vessels. Despite this, the ferry sector is currently at the forefront of the transition, largely due to governmental involvement in issuing tender calls and related subsidisation.

› Regulations: driving sustainable innovation

Currently, Damen observes that demands for increased sustainability in vessels is largely driven by regulations. As such, the focus is very much on the environmental aspects of sustainability, namely emissions reduction.

The exception is government and authority contracts or enquiries from companies responding to governmental

contracts, where a broader interpretation of sustainability is frequently applied. This includes demand for circularity and compliance with various of the UN SDGs.

› Electricity in the lead

Although the first hydrogen and methanol propulsion vessels are now being planned, as may be expected from the data above, the most significant progress towards lower emissions currently results from electrical propulsion. As electrification gathers pace, it is becoming more accessible for operators, with prices for electrical solutions significantly lower now than they were just a few years ago.

› Increasing access to lower emissions

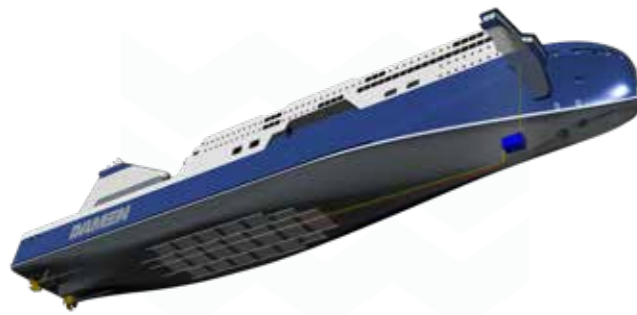
Additionally, the price of electricity is making electric vessels more attractive. Added to this is the lower maintenance requirements of an electrical vessel and the increasing availability of finance options. It is likely that demand for electrical vessels will spread beyond public organisations to commercial operations.

› Standardisation: a model for sustainable shipping

Based on its experience to date, Damen sees potential to further increase the draw of electric vessels. With the technology in its infancy, the shipbuilder was very cautious in its initial expectations. What it has observed during the operational phase, however, is that batteries are performing longer than anticipated. This holds the promise of increased efficiency in electric vessel development in the future.

Damen considers its business model to be particularly well suited to the rising demand for sustainable vessels. Production of standardised vessels makes the learning curve a lot smoother. You only have to learn once how to create a system that then can be applied – after being proven and refined – to multiple vessels in the future.





› **Acting on a national level: Damen and the Ministry of Defence and Royal Netherlands Navy (RNLN) – a sustainable partnership in the Golden Ecosystem**

Damen and the Ministry of Defence and Royal Netherlands Navy are working together as partners on concurrent design towards the development of the ships of the future. Both parties view this type of partnership as essential to sustaining their capabilities for the challenges to come. The development of naval vessels is a complex and time-consuming process. It is only by pooling the knowledge and skills involved that the desired results can be achieved to the required standards and in time.

This partnership also entails many highly innovative SMEs and maritime knowledge institutes (e.g. TNO, MARIN), which results in the so called naval Golden Ecosystem, actually representing the sole cluster where the Netherlands has the autonomy to develop, from a clean sheet, the most complex naval solutions, capabilities and lifecycle concepts. This increasingly involves sustainability topics.

› **Innovating the naval vessels of the future**

Other work is going into increasing automation and reducing underwater noise; not only for the traditional purpose of reducing likelihood of submarine detection, but also to protect marine life. The partners are also considering such things as use of alternative materials for ship construction in order to reduce weight and thereby fuel consumption and emissions, as well as the development of more sustainable painting systems. Amongst the projects that Damen Naval and the Ministry of Defence and the RNLN are cooperating on, is Dutch Naval Design. Within this, Damen is representing the businesses within the Netherlands that support the defence and security sector. The project is working towards what it terms ‘the ultimate flex ship.’ In so doing, it focuses not on the

development of a complete vessel, but on a series of innovations that can be integrated into successive generations of ships, ensuring that technology keeps pace with the fleet renewal requirements of the navy.

› **Acting at the European level – Damen naval as full partner in EU naval development**

The European level of military cooperation and also sustainability is becoming more prominent and Damen Naval is at the forefront of these trends. Damen Naval is consistently active in the European Defence Fund. The fund promotes cooperation among companies and research actors throughout the European Union, towards the development of state-of-the-art interoperable defence technology and equipment.

› **NATO standards – developing interoperability**

In participating in these projects, Damen Naval is building relationships with business and governments across the European Economic Area. Also, many of the standards that the company operates to are not unique to the Netherlands, but applicable to the entire NATO organisation. As a result, Damen Naval is able to develop products that offer high levels of interoperability, and commonality for sustainment (repair and maintenance), considerably widening its client base.

› **Damen Green Solutions**

Damen Civil and Modular Construction has within its portfolio Damen Green Solutions. This aspect of the venture is committed to the development of environmentally conscious solutions. During 2022, Green Solutions has partnered up with a third party, Denmark-based BAWAT towards the development of improved, and more widely available, mobile port-based ballast water treatment systems to eliminate the pollution of port waters with invasive species. Green Solutions has also been working on the development of the Damen Air Cavity System (DACS) over the last year, in preparation for its first commercial application in 2023. DACS maintains a thin layer of air over the flat bottom of a vessel's hull, achieving a significant reduction in water resistance, leading to increased efficiency and a 15% reduction in fuel consumption.



› **RunWell non-toxic anti-fouling solution**

RunWell is a startup in the making by AkzoNobel, Philips and Damen focussing on non-toxic anti-fouling. The consortium uses UV-C light as a replacement for anti-fouling coatings on ships' hulls. The coatings are known to be a source of water pollution, harmful to marine life. This new technology avoids toxic biocides being emitted into the water, keeps the vessel hull clean and in the future will create a hyper smooth hull surface.



› **Equinox Ocean Turbines**

Equinox is a young startup developing a revolutionary turbine capable of economically harvesting energy from low flow ocean currents. The goal of this venture is to develop the world's third renewable energy source. The ambition is to install the first commercial turbine by 2027 with a capacity of up to 3MW at commercial rates.



› **Sustainable shellfish award**

Last year, Damen Maaskant Shipyards Stellendam (DMSS) was awarded the Shellfish Sustainability and Innovation prize 2022 in recognition of its efforts towards a zero emissions maritime sector. DMSS received the award at the Shellfish Conference in the Province of Zeeland in the southwest of the Netherlands. At the event, the yard hosted a booth and webinar entitled the Road to Zero Impact.

Amongst DMSS's initiatives towards more sustainable fishing are the development of hybrid vessels and those that sail on alternative fuels, as well as fully electric vessels. The yard is also integrating cutting-edge technology into its vessels in order to improve efficiency.



RD&I: collaborating at the European level.

The RD&I department also works extensively on projects towards improving vessel sustainability. In many of the projects the Research, Development and Innovation department is participating in, it works alongside partners from industry and research and educational institutes, notably at the European level.

Some examples of the projects that the department is contributing to are as follows:

› **LeanShips**

The project has received funding from the European Union's Horizon 2020 research and innovation programme (Contract No. 636146).

This project, begun in 2020, has paved the way for Damen to achieve a number of successfully completed projects that have significantly contributed to maritime sustainability. These include development of electrical ferries and waterbuses as well as the fully electric, zero emissions Damen RSD-E Tug 2513.

› **RAMSSES**

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No. 723246

Damen is one of the leading industrial partners in the RAMSSES consortium. The project is examining the potential scaling up the use of composite structures for large vessels. The aim is to considerably reduce the weight of a vessel in order to lower fuel consumption and emissions.

› **NAVAIS – New Advanced Value-Added Innovation in Shipbuilding**

The project has received funding from the European's Horizon 2020 research and innovation programme (Contract No. 769419)

This recently finalised project focused on increasing efficiency in design and production of ships with a view to maintaining Europe's leading position in the sector. NAVAIS supported the transition from an engineered to order to an assembled to order approach, using proven module technology. Damen, with

its experience in standardised shipbuilding led the project, which aimed at providing shorter lead times, consistent quality, reduced design and build costs and better supply chain integration.

› **HOLISHIP – HOListic optimisation of SHIP design and operation for life cycle**

This project has received funding from the European Union under the Horizon 2020 research and innovation programme under grant agreement No. 689074.

HOLISHIP aims to answer the challenges posed by increasing ship complexity and growth in the number of regulations, including those with a sustainable focus, that call for novel concepts in product design and testing. It brings together a team of 40 European industry and research partners, including Damen Shipyards Gorinchem and Ven Der Velden Marine Systems, to address the challenge.

› **STASHH**

The STASHH project has received funding from Fuel Cells and Hydrogen 2 Joint Undertaking (now Clean Hydrogen Partnership) under Grant Agreement No. 101005934. This Joint Undertaking receives support from the European Union's Horizon 2020 Research and Innovation Programme, Hydrogen Europe and Hydrogen Europe Research.

The STASHH consortium is working towards an open standard for heavy-duty fuel cell modules in terms of size, interfaces, control, and test protocols with the objective of kick-starting the use of fuel cells and hydrogen in the heavy-duty mobility sector where use of batteries for electrification is impractical.

› **e-S1HyIPS – On the wave of hydrogen**

This project has received funding from the Fuel Cells and Hydrogen 2 Joint Undertaking (now Clean Hydrogen Partnership) under Grant Agreement No. 101007226. This Joint Undertaking receives support from the European Union's Horizon 2020 Research and Innovation programme, Hydrogen Europe and Hydrogen Europe Research.

e-S1HyIPS seeks to define new guidelines for the effective introduction of low-emissions hydrogen as a fuel for the maritime passenger sector. Damen's responsibility in the

project is the setting of requirements in ship design. Damen's aim is to judge the impact and usability of a pre-standardisation plan for International Code of Safety for Ships Using Gases and other Low-Flashpoint Fuels (IGF Code) update for hydrogen-based fuels.

› **SEABAT**

This project has received funding from the European Union's Horizon 2020 research and innovation programme under Grant Agreement No. 963560. Battery system concepts for fully electric vessels.

SEABAT is developing a modular, full electric maritime hybrid battery concept to substantially reduce the costs involved in

large waterborne battery systems over 1MWh. Damen's involvement is in the specification of requirements and integration.

› **HYPOBATT – Hyper Powered Vessel Battery Charging System**

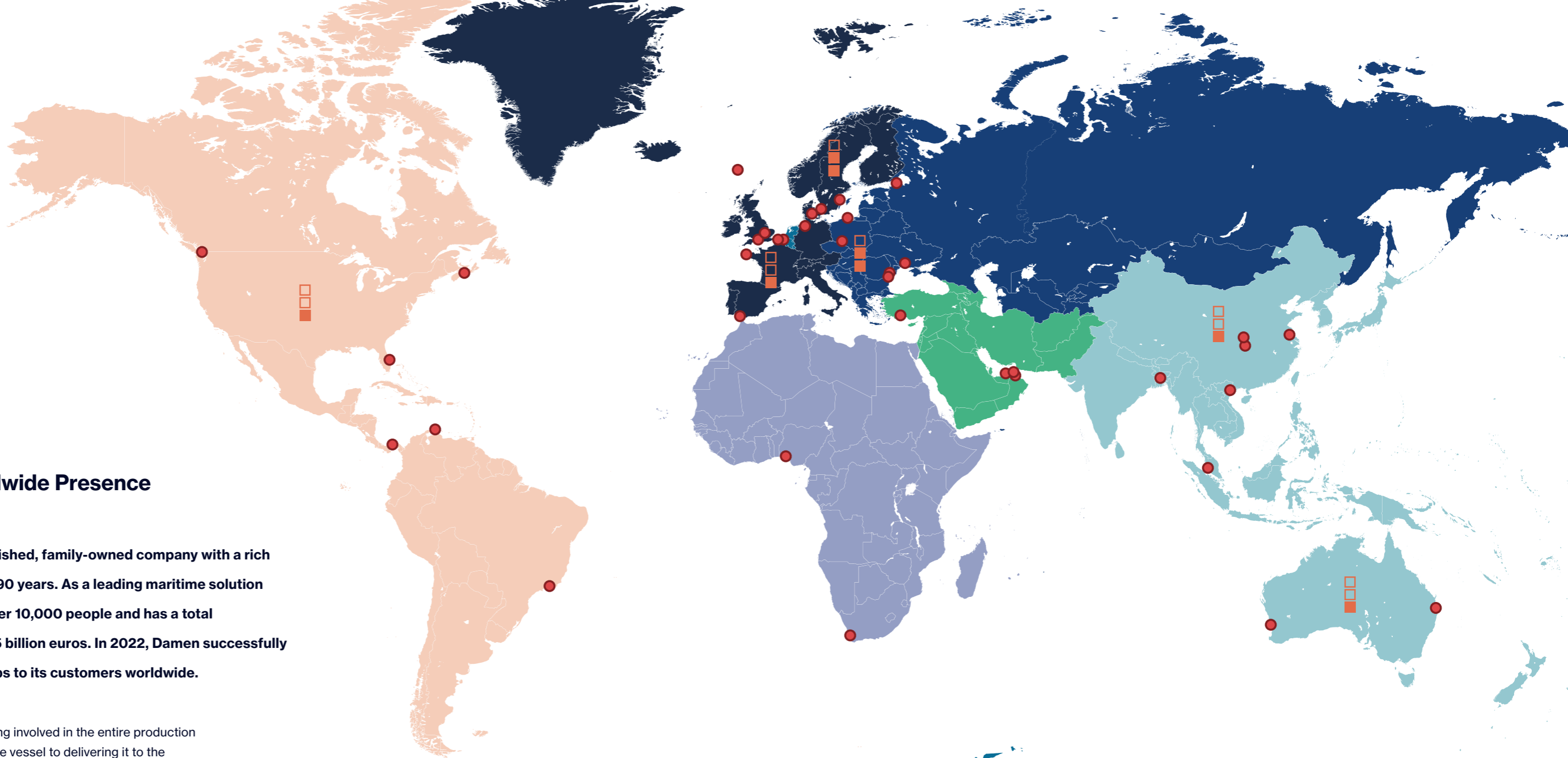
HYPOBATT is seeking to build on electrical vessel developments by advancing charging capabilities. The aim is to develop standard charging infrastructure that is interoperable, offering compatibility to diverse ship types in varying locations.

By fostering a modular approach, the project also aims to make charging infrastructure more cost-competitive and, therefore, more widely accessible.



Responsible Business Conduct





Damen's Worldwide Presence

Damen is a well-established, family-owned company with a rich history spanning over 90 years. As a leading maritime solution provider, it employs over 10,000 people and has a total production value of 2.5 billion euros. In 2022, Damen successfully delivered over 100 ships to its customers worldwide.

Damen prides itself on being involved in the entire production process, from designing the vessel to delivering it to the customer, including possible full lifecycle support and other maritime services.

Damen has a specific focus on niche maritime markets such as workboats for towage, dredging, offshore, fishing, and aquaculture. The company also specialises in high speed craft and maritime public transport, defence and security, and exclusive yachts. Additionally, the company is active in (digital and financial) servitisation, the repair and conversion of existing ships, and the sale and production of components for the maritime industry.

Damen's supply chain is widely spread over different markets due to its diverse portfolio. The company sources raw materials and components from various suppliers worldwide, with steel producers, engine and equipment manufacturers, and specialised subcontractors being its main categories of suppliers. Damen purchases raw materials and components from both local and international markets. Most of its suppliers, 85%, are European-based, while 78% of the European share is procured within the Netherlands.

To complement its offerings and expand its reach, Damen

works with various partners, including design and engineering firms, equipment and component manufacturers, and local partners for project execution. The company also collaborates with research institutions to develop new technologies and materials.

Damen operates in a global market, selling vessels to customers worldwide. Its main sales markets include Europe, the Middle East, Africa, Asia, South America, and Canada. Its customers are mainly in the maritime industry, including governments, harbour authorities, defence organisations, offshore companies, and shipping companies. Damen operates 35 shipyards in thirteen countries and has a worldwide sales and service network (overview page 32-33). The company's key partners and suppliers are located in regions where raw materials and components are readily available, privileging local supply.



Overview of Damen Presence
Note: only the top 300 suppliers are represented in this overview.

- Yards & Services
- Sales Area Benelux
- Sales Area Americas
- Sales Area Middle East
- Sales Area Africa
- Sales Area Asia Pacific
- Sales Area North, West & South EU
- Sales Area Eastern Europe
- Suppliers

Damen's context

Damen operates in an external environment that is shaped by various factors and acknowledges the importance of staying informed and proactive in addressing challenges posed by political, economic, social, technological, legal, and environmental factors (PESTLE). The analysis hereunder highlights Damen's approach to managing the impact of these factors on its operations, including staying vigilant about political developments, monitoring economic factors, being socially responsible, investing in technological innovations, complying with legal and regulatory frameworks, and minimising the environmental impact of its operations and solutions. By carefully managing these factors, Damen aims to continue operating sustainably and responsibly in the maritime industry and beyond.

› Political

Damen, being a global business, acknowledges that changes in the political environment, such as the ongoing Ukraine crisis, can significantly affect its operations. These geopolitical tensions and conflicts can have far-reaching implications on business, especially concerning international government-related customers and local manufacturing companies, mainly in low-labour-cost countries.

To address these challenges, Damen takes a proactive approach to monitor political developments and assess their potential impacts on its business. The company's public affairs team works closely with relevant stakeholders, including government agencies, industry associations, and other key partners, to stay informed about the latest political developments and their potential implications on its operations.

Damen is also mindful of the safety and well-being of its employees, especially in regions where political tensions may pose risks. The company has robust risk management processes to ensure employee safety and security. This includes regularly monitoring travel advisories and providing appropriate support and resources to employees affected by political events (see Damen Helpt article in this report).

Effectively managing the impacts of the changing political environment on its business is essential for Damen. By staying

vigilant and proactive in monitoring and engaging with stakeholders, the company can navigate through geopolitical challenges and continue to operate responsibly and sustainably.

› Economics

Damen understands the significant impact that economic factors, such as inflation, stock market instability, exchange rates, and taxation, can have on its operations. Specifically, the recent economic event of 2022 inflation has been particularly relevant in shaping the company's business environment.

The increase in inflation rates in 2022 has directly impacted Damen's growth rate and financial performance. The rise in costs of raw materials, labour, and transportation has affected the company's operational expenses, which can influence its pricing strategies and profit margins. Additionally, inflation can decrease customers' purchasing power, potentially changing the demand for Damen's products and services.

Moreover, stock market instability and fluctuating exchange rates can introduce uncertainties into the business environment. These factors can affect Damen's international transactions, supply chain management, and overall financial performance. The company is also aware that taxation policies and changes in tax rates can impact its profitability and financial planning.



Damen recognises the importance of monitoring economic factors and their potential impact on its operations. By staying informed about the latest developments and assessing their potential implications, the company can adapt its strategies and continue to operate responsibly and sustainably.

› Social

Social considerations are a top priority for Damen due to its global operations spanning diverse cultural landscapes. Understanding and adapting to different social attitudes is crucial, requiring Damen to align its organisational culture without compromising its identity. The impact of frequent employee travel and manufacturing processes on local communities strongly influences Damen's strategic approach at all its sites.

Damen is strongly committed to corporate social responsibility and strives to foster positive relationships with local communities, respect cultural norms, and manage the social impact of its operations. The company believes in embracing diversity, inclusivity, and community engagement to be a responsible and respected corporate citizen, contributing positively to the social fabric of the regions in which it operates.

By carefully managing the social impact of its operations, Damen aims to minimise any negative effects on local communities and promote positive outcomes. The company

recognises the importance of building trust and cooperation with stakeholders to achieve these goals. Through collaboration with local partners and continuous improvement of social performance, Damen seeks to create lasting value for all its stakeholders.

› Technology

As a leading company in its industry, Damen faces constant challenges due to the ever-evolving landscape of technological innovations. The rapid pace of change in consumer technology, as well as advancements in product and production process innovation, pose significant challenges to the company. Damen recognises the critical importance of carefully considering and adapting to these technological shifts in order to remain an attractive employer and supplier.

Damen understands that staying at the forefront of technological advancements is not just an option but a necessity in today's competitive business environment. To achieve this, the company remains agile and proactive in embracing and integrating technological innovations. By doing so, Damen can ensure that it continues to be a trusted and sought-after partner in its industry, both for its employees and customers.

The company believes that investing in technological innovations can result in improved operational efficiency,

reduced costs, and enhanced customer satisfaction. Damen is committed to continuously identifying and exploring new opportunities for innovation, which can drive growth and provide a competitive advantage.

By embracing a culture of innovation, Damen aims to develop and implement new and improved technologies that enhance the safety, quality, and sustainability of its products and services. The company recognises that the success of its business is directly linked to its ability to adapt and innovate in response to the changing technological landscape.

» Legal

As a global company with diverse international customers and local manufacturing facilities, Damen must navigate varying regulatory landscapes. These regulations cover a wide range of areas, including product compliance, employee regulations, and production process requirements, and must be carefully monitored to ensure strict compliance.

Damen recognises that regulatory frameworks in different regions are dynamic and subject to change. Therefore, it is crucial to establish robust and structured processes for monitoring and adhering to these regulations. Compliance remains a top priority for Damen, as it strives to meet the highest standards in all aspects of its operations.

The company is committed to ensuring that its products and services comply with local and international regulations, ensuring the safety and well-being of its customers. Damen also recognises the importance of adhering to employee regulations, including those related to fair labour practices and workplace safety.

Moreover, Damen understands the importance of adhering to production process requirements to minimise the environmental impact of its operations. The company works diligently to comply with regulations related to waste management, energy efficiency, and emissions reduction.

By prioritising compliance and establishing structured processes for monitoring and adhering to regulations, Damen can ensure the satisfaction of its customers and the well-being of its employees while maintaining the highest standards of corporate responsibility.

» Environment

Climate change has emerged as a top priority for a significant number of Damen's stakeholders. Environmental concerns are on the rise, and there is increasing pressure on companies to improve their environmental practices. To meet this demand, Damen has implemented sustainability initiatives across all aspects of its operations and solutions.

As a responsible corporate citizen, Damen is committed to reducing its carbon footprint and mitigating the impacts of climate change. The company has invested in renewable energy solutions, improved energy efficiency across its manufacturing sites, and implemented sustainable sourcing practices.

Furthermore, Damen understands that its operations can have an impact on the environment, and therefore it has established strict guidelines to ensure compliance with environmental regulations. The company is committed to reducing pollution and minimising the environmental impact of its products and services throughout their entire lifecycle.

Damen also recognises the importance of engaging with its stakeholders to address environmental concerns. The company collaborates with its customers, suppliers, and industry partners to develop sustainable solutions that benefit the environment while meeting business needs.

By prioritising sustainability, Damen is not only reducing its environmental impact but also improving its brand reputation, attracting environmentally conscious customers and employees, and contributing to a more sustainable future for all stakeholders.

Addressing Mega-Trends in the Maritime Industry

Damen is addressing the key macro-level developments or mega-trends that are likely to shape its operating environment in the years to come.

One of the major mega-trends in the maritime industry is a focus on sustainability, driven by concerns about climate change and environmental degradation. Damen is preparing for the future by investing in research and development to develop eco-friendly vessels (as demonstrated under our pillar Innovation) and adopting sustainable practices in its operations, such as reducing emissions and waste (as demonstrated under our pillar Sustainable operations).

Digitalisation is another mega-trend that is transforming the maritime industry, from automated port operations to the use of data analytics to optimise vessel performance. Damen is investing in digital technologies, such as the use of digital twins to improve vessel design and the adoption of smart ship systems to enhance safety and efficiency (Damen Triton System). Damen's Chief Information Officer is managing this megatrend, and the link between both megatrends sustainability and digitalisation is identified and managed in the Operational Steering Committee of the Sustainability stream (part of the 5-year plan development).

Geopolitical shifts, such as the rise of China and the potential for trade wars, but also the war in Ukraine, is strongly impacting the industry. Damen is diversifying its operations and

supply chain, for example by developing new partnerships and expanding into new markets, to mitigate risks associated with geopolitical instability.

The maritime industry faces the challenges of an aging workforce and a shortage of skilled labour. Damen is investing in creating a culture of care, where diversity and inclusion are embraced, and investing in training and development programmes to attract and retain talent and by adopting technologies, such as automation and artificial intelligence, to enhance productivity and efficiency.

The circular economy is a growing trend that seeks to minimise waste and maximise the use of resources. Damen is adopting circular economy principles in its operations, such as designing vessels for disassembly and recycling and implementing closed-loop systems for materials and waste management. The company is also integrating the principles of circular economy in its new business models through Damen Financial Services that supports its Ship as a Service concept.

Overall, by addressing these mega-trends, Damen is demonstrating that it is preparing for the future and positioning itself as a leader in the maritime industry.

Risk and Opportunities Strategies

Damen recognises the importance of identifying and managing risks and opportunities related to natural and societal capital, as well as climate. To achieve this, Damen uses a PESTLE analysis to assess the risks and opportunities that arise from the external environment and developments in its value chain.

This analysis includes five key sustainability risks: transition, physical, social and human rights, governance and other ethical, and financial.

1. **Transition risk:** Resulting from the shift towards a low-carbon economy, this includes regulatory and legal risks and opportunities, technological risks and opportunities, reputational risks and opportunities, and risks linked to market opportunities.
2. **Physical risk:** Resulting from the damage caused by extreme weather and climate events, which can be acute (due to natural events such as wildfires) or chronic (related to sustained higher temperatures and long-term geographical shifts such as rising sea levels). This includes risks from heat, cold, drought, tropical cyclones, wildfires, and floods.
3. **Social and human rights risk:** This impacts workers and surrounding communities negatively, such as through forced labour and slavery, child labour, lack of respect for indigenous peoples and their cultural heritage, lack of ownership rights, discrimination, lack of freedom of association, risks to health and safety, poor working conditions, low wages, inadequate social protection, and lack of privacy. However, this can also present opportunities for attracting and retaining a talented workforce through good working conditions, career opportunities, living wages, training and learning, etc.
4. **Governance and other ethical risks:** This includes risks from embargoes and sanctions, terrorism, corruption and bribery, resource appropriation, tax evasion, and data protection.
5. **Financial risk:** This includes low-risk appetite among financiers, bans on non-renewable financing, and opportunities such as access to green funds and financing possibilities, as well as building a reputation as a trusted partner

Damen evaluates these risks from two perspectives: inside-out, which considers the impact of its operations or products on people, climate, and the environment, and outside-in, which

considers the impact of the environment and climate on the Damen organisation through stakeholders such as clients, suppliers, and local governments. A multidisciplinary team evaluates these risks and identifies those that could have a potentially significant impact on the organisation. Damen conducts further analysis to determine appropriate actions, which are integrated into its overall sustainability strategy.

In 2023, Damen is developing a sustainability risk directive that will be implemented in the scope of the work of the Risk Board. The directive will support the Executive Board in assessing sustainability risks through both quantitative and qualitative risk indicators. The Risk Board will consider both inside-out and outside-in risks arising from Damen's activities and external factors.

Damen's reporting provides insight into the most important risks in its chain, including external risks that may have an impact on third parties. The company presents a schematic overview of these risks and explains how it manages them. Damen's analysis is updated at least once a year or when circumstances dictate. By identifying and managing sustainability risks and opportunities, the company aims to ensure a sustainable future for the organisation and its stakeholders.

Damen also prioritises identifying the most important risks in its chain. This includes risks associated with our supply chain, production processes, and other business activities. Damen's reporting provides insight into external risks that may have an impact on third parties, such as suppliers, customers, and local communities.

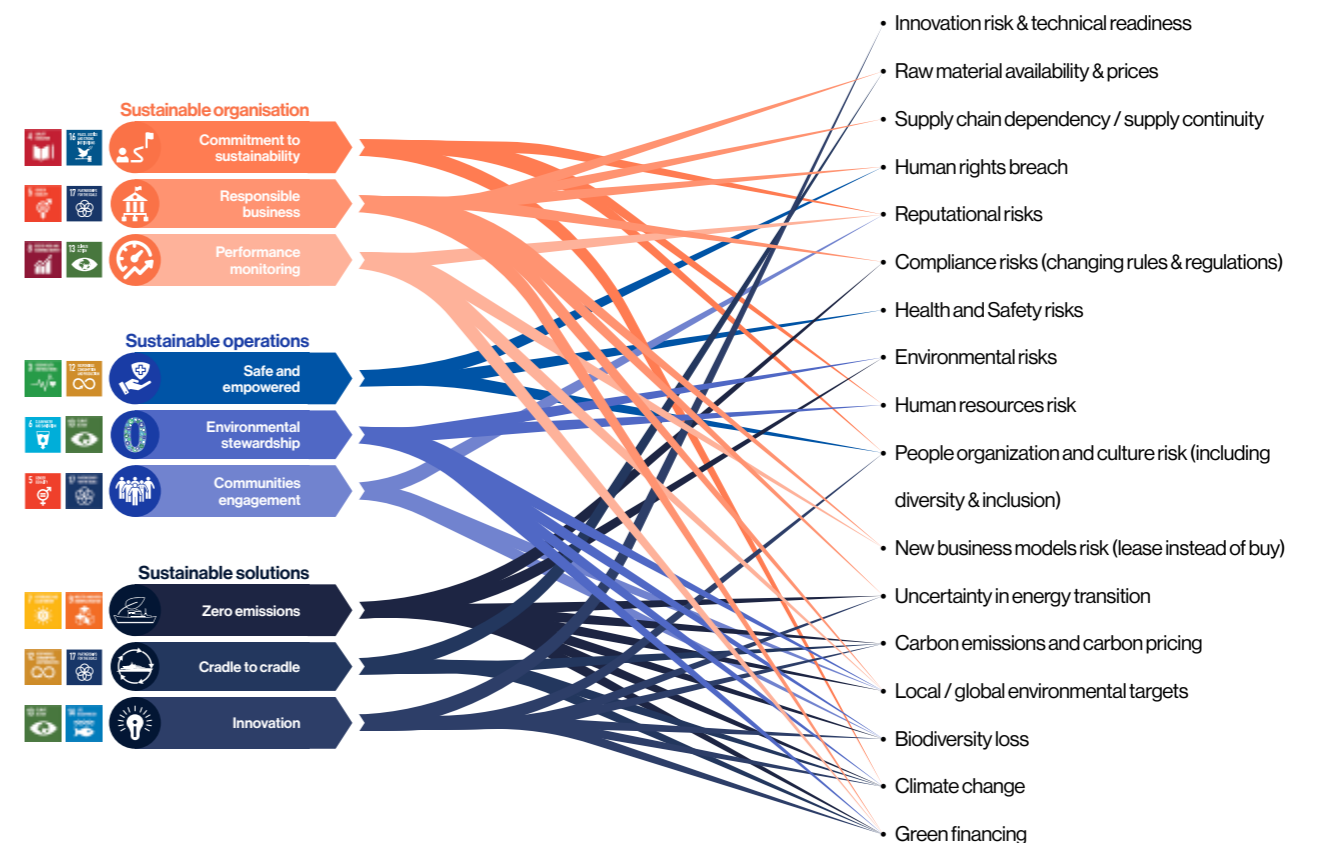
To manage these risks, Damen has implemented various strategies and initiatives. For example, it has established partnerships with suppliers to ensure that they adhere to Damen's sustainability standards and mitigate potential risks.

The company also continuously monitors its production processes to identify and address potential risks, such as those related to worker safety or environmental impacts.

Damen also recognises the importance of transparency in its reporting, and strives to provide clear and concise information that is easily understandable for its stakeholders. This includes presenting information in a format that is easily accessible and providing details on processes for identifying and managing risks.

Overall, Damen's approach to managing sustainability risks and opportunities is grounded in a commitment to sustainable business practices that benefit the organisation and its stakeholders. By identifying and managing risks, Damen can minimise potential impacts and ensure a more sustainable future for the organisation and the communities in which it operates.

Schematic summary of the most important risks and link with our strategy:





Balancing Sustainability Risks and Strategic Objectives

Damen believes that sustainable business practices are critical for the long-term success of the company and the health of the planet. Damen strives to manage risks associated with sustainability in a way that aligns with its strategic objectives and values.

Damen has a 'high appetite for taking risks when it comes to pursuing sustainable solutions that support its business goals. The company recognises that innovation and experimentation are key to achieving sustainable growth, and encourages and rewards appropriate risk-taking to achieve its objectives.

The company has a 'balanced appetite' for choosing and implementing strategies that balance risk against the outcome. As a responsible corporate citizen, Damen sees that it has a duty to ensure that it is minimising negative impacts on the environment and society while maximising its ability to achieve its outcomes and objectives.

Damen has a 'limited appetite' or 'no appetite' for risks associated with non-compliance with sustainability regulations, unsafe working conditions, and negative impacts on local communities. To ensure that it continues operate responsibly and sustainably, Damen needs to manage these risks effectively and with the highest standards of integrity.

Damen values intelligent inquiry, respectful challenge, integrity, and excellence in managing its most critical risks and processes. The company takes a considered approach to innovation and experimentation, carefully weighing the potential benefits and risks of any new sustainable practices or technologies.

By managing sustainability risks in a way that aligns with its strategic objectives and values, Damen believes it can create long-term value for its stakeholders while contributing to a more sustainable future for the planet.

Risk tolerance	Very low	Low	Medium	High	Very high
<i>Behaviour towards risk</i>	<i>Averse</i>	<i>Prudent</i>	<i>Balanced</i>	<i>Considerable</i>	<i>Seeking</i>
Sustainable solutions that support our business goals: e.g. Sustainability, digitalisation, operational excellence, niche market, transition to new energy, circular economics.					
Sustainable operation: e.g. New design, (unknown) production location, product performances, digitalization, supply chain, innovation, people					
Financial: New financing structure (lease), vessel ownership, take back guarantees, financial transparency, tax, financial and integrated reporting					
Compliance: e.g. Breach of code of conduct, human rights violation, business integrity, unsafe working conditions, product security and quality standards, corruption					



Creating Sustainable Value

Damen Shipyards is committed to creating sustainable value for the company and its stakeholders. Damen's value creation process is multifaceted and aims to generate long-term value in a socially, environmentally, and economically sustainable way. Damen recognises that sustainability is critical to meeting the evolving needs of its customers, reducing costs, creating new business opportunities, and attracting and retaining top talent.

Damen's value creation process starts with the input of different capitals, including human, social, natural, financial and manufactured. The company understands that each of these capitals is essential for its success, and strives to maximise their positive impact while minimising their negative impact. For instance, Damen prioritizes sustainability in its operations to reduce operational costs, stay in compliance, and avoid reputational damage. By using renewable energy sources and implementing energy-efficient technologies, Damen aims to reduce its carbon footprint and contribute to a cleaner environment. Moreover, the company recognizes the importance of natural and social capital and strives to minimise its negative impact on them while maximising its positive impact.

Damen's continuous improvement approach is at the heart of its value creation process. The company believes that sustainability is a journey, and is committed to making progress towards its sustainability goals continually. Damen's focus on sustainability helps it identify opportunities to reduce its negative impact and increase its positive impact. By providing customised maritime solutions that prioritise sustainability, Damen can create new business opportunities, such as developing ships that use alternative fuels or designing new technologies that reduce the environmental impact of the maritime industry.

Damen's business-specific graphical representation of the model of value creation clarifies the understanding of the impact on society and the coherence between different aspects. Damen aims to provide insight into the interrelationship between inputs, activities, outputs, and impacts of the organisation. By doing so, the company hopes to increase transparency and build trust with its stakeholders.

Damen recognises that human capital is key to its future success. The company is committed to creating a culture of sustainability that embraces diversity, care, personal and professional growth, and safety. By providing opportunities for personal and professional growth, Damen can help its

employees develop the skills and expertise needed to excel in their roles. Damen also believes that a safe working environment is critical to its success. By ensuring this, Damen aims to minimise workplace accidents and injuries, leading to fewer disruptions to operations and increased productivity. Moreover, safety demonstrates Damen's commitment to the well-being of employees, which can help attract and retain top talent.

In the short term, Damen's sustainable practices are helping to reduce operational costs, stay in compliance, and avoid reputational damage. By using renewable energy sources and energy-efficient technologies, Damen is already seeing cost savings and efficiency gains. In addition, by prioritising sustainability, Damen is able to attract and retain customers who are increasingly demanding sustainable solutions.

In the long term, Damen's sustainable practices are contributing to the company's overall resilience and competitiveness. By staying ahead of the curve in terms of sustainability, Damen is able to identify and capitalise on new business opportunities as they arise. Moreover, by creating a culture of sustainability that embraces diversity, care, personal and professional growth, and safety, Damen is able to attract and retain top talent. This helps to ensure the company's long-term success and its ability to continue generating value for its stakeholders.

In summary, Damen Shipyards' value creation process is multifaceted, aiming to generate long-term value in a socially, environmentally, and economically sustainable way. The company strives to maximize the positive impact of different capitals while minimising their negative impact. Damen's continuous improvement approach helps it identify opportunities to reduce its negative impact and increase its positive impact. By providing a clear explanation of its value creation process, Damen aims to increase transparency, build trust with its stakeholders, and create a sustainable future for the company and society.



Building Sustainable Partnerships

As a responsible business, Damen recognises that its success depends on its ability to meet the needs and expectations of a wide range of stakeholders. To ensure that it is creating long-term value for all stakeholders, Damen has established a comprehensive stakeholder engagement process.

Damen has identified its stakeholders through a comprehensive process that involved analysing the organisation's operations, assessing potential risks and opportunities, and evaluating the interests and expectations of different stakeholder groups. Criteria used to select these groups included their potential impact on the organisation and the extent to which their perspectives aligned with Damen's values and goals. Stakeholder engagement activities were then tailored to meet the specific needs and expectations of each group

Damen has identified the following general groups of stakeholders: customers, employees, suppliers, partners, universities, public and legal authorities, industrial associations, local communities, financial institutions and NGOs. Partnership is a key element of how Damen is doing business. Therefore, the company takes pride in the close relationships it has with its stakeholders, at all levels of the organisation. Engaging with stakeholders and gaining insights into their perspectives is very important to Damen. It guides the company in assessing the topics that are most relevant to its operations and to building a sustainable business that creates value for all.

Damen engages with its stakeholders on an ongoing basis to gain insights into their perspectives and feedback. This dialogue is conducted in relation to the organisation's long-term strategy and established objectives, as well as the SDGs. Stakeholder feedback is used to inform decision-making processes, and Damen integrates stakeholder perspectives into its strategic planning and operations to ensure alignment with the needs and expectations of its stakeholders.

Damen takes stakeholder concerns and complaints seriously and has policies and procedures in place to handle these issues. These policies and procedures are regularly reviewed

and updated to ensure they remain effective and aligned with the needs and expectations of stakeholders. Stakeholders may raise concerns about issues such as environmental impact, worker safety, or business ethics. When such concerns are raised, Damen takes them seriously and investigates them thoroughly. If necessary, Damen will take steps to address the issue(s) and prevent similar problems from occurring in the future. Damen also takes proactive steps to prevent similar issues from occurring in the future by identifying potential risks and implementing appropriate mitigation measures

The highest governing body of Damen has participated in dialogues with different stakeholder groups related to long-term value creation. These stakeholder groups include customers, employees, suppliers, partners, universities, public and legal authorities, industrial associations, local communities, financial institutions, and NGOs. These dialogues were structured to encourage open and honest communication, and the perspectives and feedback gathered were used to inform decision-making processes and ensure alignment with the needs and expectations of stakeholders.

During 2022 the Executive level frequently met with governing bodies of different countries, discussing latest development and stressing the importance of sustainable solutions and creating a level playing field for the European maritime industry. Climate related regulations will impact the level playing field not only of Damen but of the entire European maritime industry. Therefore, so regular contact with regulators and governments is important and is high on the board agendas.

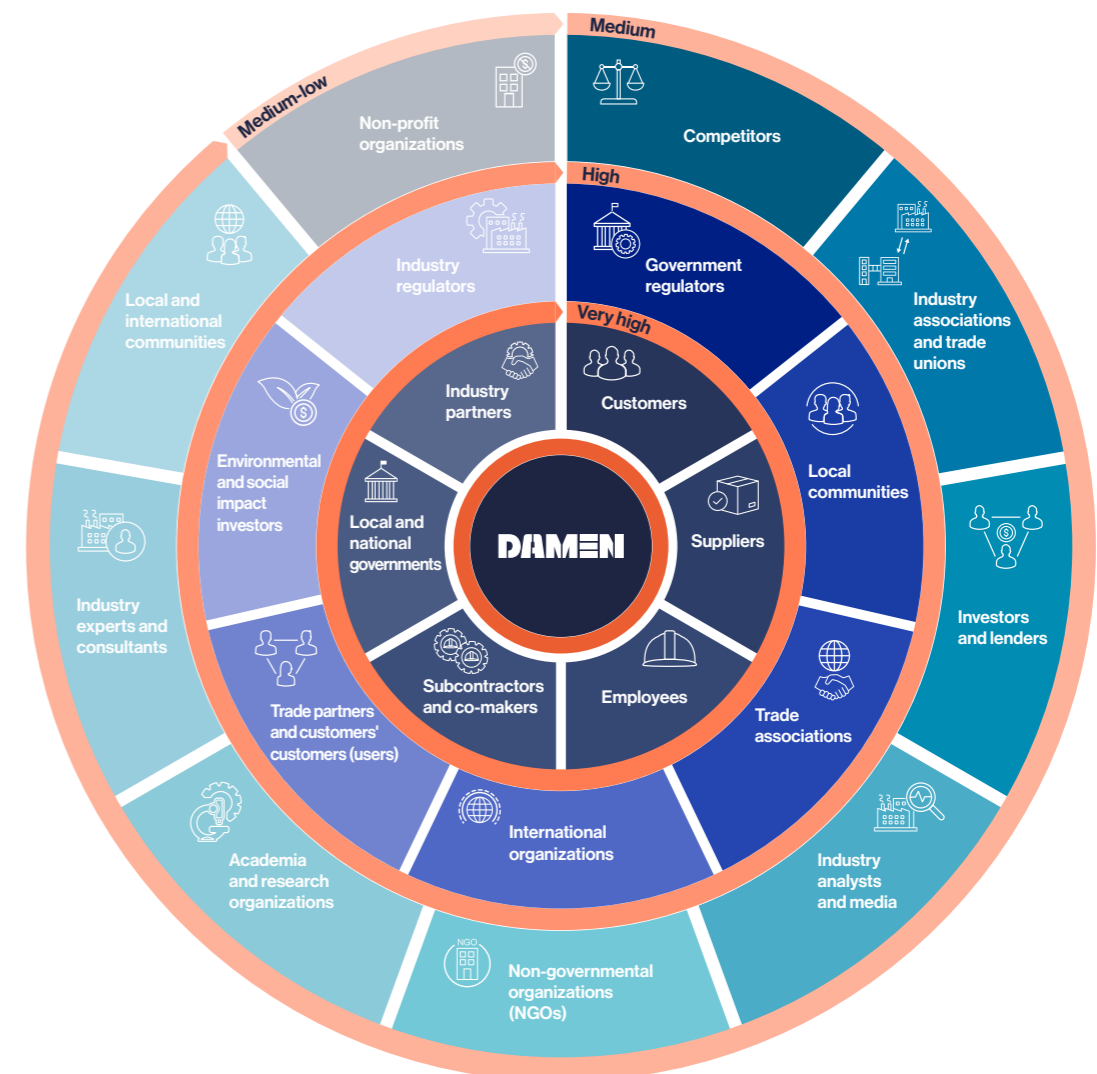
As employees are Damen's key assets, the company works closely with workers' representatives and official workers' NGOs. Damen employees; representatives are organised in a structure between yards, divisions and group, with an overall

set of representants in a holding workers council (WC) that meets regularly with the holding HR and representative of the executive board.

While Damen believes that a sustainable future is not only necessary, but also achievable, the company also recognises a need to support its customers and suppliers to embark on this journey with them. Therefore, Damen places a high level of

priority on close relationships with its customers and suppliers, with clear internal communication lines at all levels.

Damen also worked together with Netherlands Maritime Technology on maritime materiality within a CSRD-workgroup focused on making sure key stakeholders for the branch are identified and that a way to is found to approach them that will ensure optimal results without overloading them with requests.



Double Materiality Matrix

A double materiality matrix is essential to building a strong sustainability strategy because it can help identify and prioritise the most significant sustainability impacts and risks, and create value for all stakeholders.

Internally, the matrix can help Damen assess the environmental and social impacts of its operations, such as energy consumption, greenhouse gas emissions, waste generation, and labour practices. This information can help Damen identify opportunities to reduce its environmental footprint, improve operational efficiency, and enhance social performance.

Externally, the matrix can help Damen understand the sustainability expectations of its stakeholders, such as customers, suppliers, and regulatory bodies. This information can help Damen identify ESG risks and opportunities related to its products, services, and markets, and develop sustainable solutions that meet the needs of its customers and society.

In 2022, in line with upcoming CSRD regulation, Damen added a financial dimension to its materiality matrix. The financial dimension of the materiality matrix refers to the impact of sustainability issues on the company's financial performance. While the traditional materiality matrix primarily focuses on the environmental and social impacts of a company's operations, the financial dimension considers the financial implications of these impacts.

In a double materiality matrix, the financial dimension can help Damen assess the financial risks and opportunities associated with sustainability issues, such as climate change, resource depletion, and social inequality. For example, Damen may face financial risks related to the cost of carbon emissions, the depletion of natural resources, or the reputational damage caused by human rights violations; but also positively influence those by developing zero emissions vessels, introducing circular economy concepts and closely monitoring human rights in its operations and supply chain.

By incorporating the financial dimension into its materiality matrix, Damen can prioritise sustainability issues that are material to its financial performance, and develop strategies that create long-term value for both Damen and its stakeholders, aligned with its five-year goal of sustainable growth.

By integrating both internal and external materiality and financial materiality into its sustainability strategy, Damen can create a more holistic approach to sustainability that aligns with its business strategy, enhances its reputation, and creates long-term value for all stakeholders. This can help Damen stay ahead of regulatory and market trends, attract and retain customers and employees, and contribute to a more sustainable future for the maritime industry.

Damen's sustainability strategy is based on the results of its materiality matrix. Therefore, it needs to be accurate and up to date. Damen ensure this with a three-prong method:

➤ **Two-yearly surveys to collect insight from general stakeholders**

Every two years a survey is sent to a set of relevant internal and external stakeholders (900 consulted and over 200 responses) to collect their insight on material topics that are discussed and defined in a working group and presented to a representative of the Executive Board. It is important to note that all stakeholders are given equal weight and consideration, regardless of their position or relationship with Damen. Damen values each stakeholder's opinion and give the same importance in the overall analysis of the survey results. The material topics used in the survey are discussed and selected by the Executive Board.

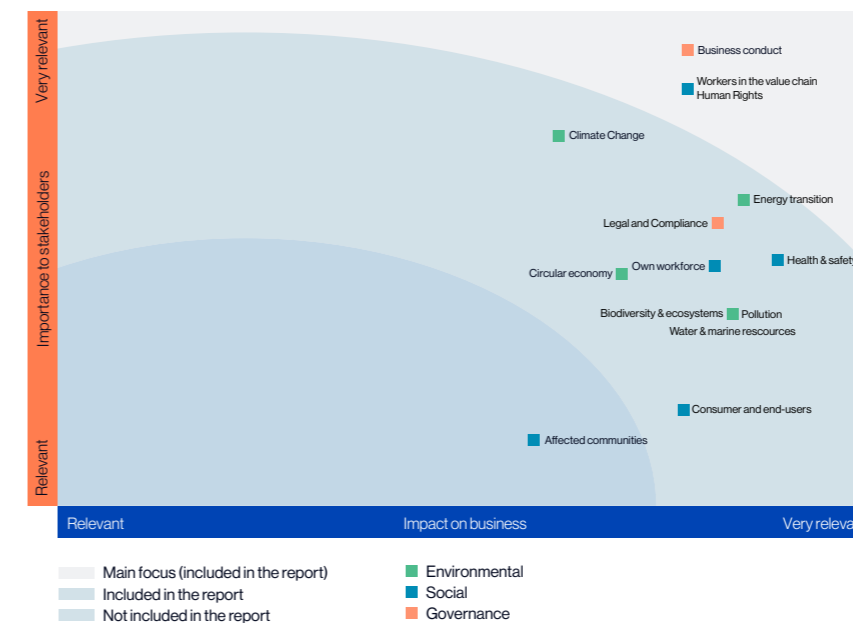
➤ **Quarterly assessment of the relevance of materiality topics**

On a quarterly basis, the Damen strategy and its links to the material topics is presented and discussed with the Executive Board to ensure alignment with the company's overall goals and objectives. The assessment involves a thorough evaluation of the materiality matrix, considering the evolving business landscape and stakeholder expectations. Through these discussions and the identification of emerging issues, necessary adjustments or updates to the material topics are made.

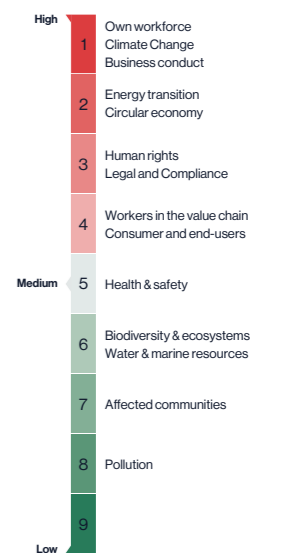
➤ **Ad hoc feedback and exchange with stakeholders or relevant trends analysis**

Relevant input is used to keep the materiality matrix up to date. For example, during the five-year plan development, a comprehensive market analysis was performed by an external consultant, this was used to assess again the relevance of material topics, and their alignment with the sustainability strategy. Another example is a workshop that was organised at the end of 2022 with suppliers to assess Damen's materiality matrix from suppliers' perspectives. The material topics are formally endorsed by the Executive Board in their meeting every two years. Hereunder is a representation of the latest update of Damen's relevant material topics.

Materiality matrix Damen Shipyards Group



Financial materiality



Materiality Matrix Glossary

 <p>Climate Change Global issue caused by increased greenhouse gas emissions, leading to temperature rise and environmental impact.</p>	 <p>Biodiversity & ecosystems Biodiversity refers to the variety of living organisms within ecosystems, which are considered natural capital.</p>
 <p>Energy Transition Shift from fossil fuels to the use of renewable energy sources.</p>	 <p>Water & marine resources Usage of surface water, groundwater and produced water & use of oceanbased resources and activities in maritime areas, as well as discharges and emissions in the oceans and other waters.</p>
 <p>Legal and Compliance Policies and standards that businesses must follow to comply with laws and regulations.</p>	 <p>Consumer and end-users Companies and individuals who acquire, operate, or use our products and services either for themselves or for others.</p>
 <p>Circular Economy System that minimizes resource use and reduces waste through practices like designing for durability, promoting reuse and recycling, and minimizing waste. It aims to create a closed-loop system.</p>	 <p>Affected communities Groups of people impacted by Damen's operations and activities.</p>
 <p>Health & Safety Health and safety involves measures to protect individuals from hazards and risks in various environments of the workplace.</p>	 <p>Business conduct The ethical and responsible actions taken by Damen and its employees when dealing with stakeholders, including compliance, ethical standards, responsible resource use, transparency, and fair treatment of employees and customers.</p>
 <p>Workers in the value chain Individuals in our value chain that work in our supply chain, on-board our vessels, or are in an other way connected to Damen.</p>	 <p>Human rights Entitlements including respect, fair treatment, freedom from child labour and human trafficking, freedom of collective bargaining, and diversity, equity, and inclusion.</p>
 <p>Own workforce All Damen's human resources contracted fixed or temporary workers including employees, sub-contractors and interns.</p>	
 <p>Pollution Minimizing waste, environmental footprint and prevent any pollution that may harm the environment.</p>	

Responsible sourcing

Damen takes its responsibility for societal aspects of doing business seriously, and is committed to managing and controlling its supply chain in line with the OECD Guidelines for Multinational Enterprises.

To ensure that supply chain responsibility is anchored within the organisation, Damen has developed a comprehensive supplier code of conduct that outlines expectations for suppliers with regard to human rights, labour standards, environmental management, and anti-corruption. This code of conduct is communicated to all suppliers, and Damen works closely with them to ensure that they understand its expectations and are able to meet them.

In 2022, Damen has also adopted a Human Rights policy and Modern Slavery Statement. Both apply to Damen's own operations and to its value chain.

To monitor its supply chain more closely, Damen has selected and implemented a tool (Integrity Next) that allows it to progressively implement structural due diligence in its supply chain. Just after the implementation at the end of 2022, over 200 suppliers were assessed. This has now increased to over 300.

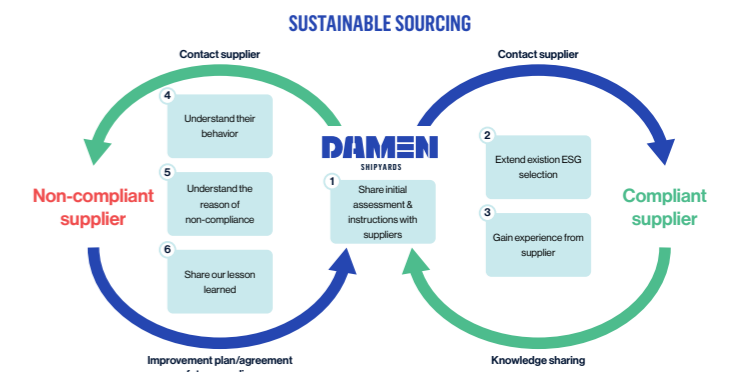
In the event that any issues are identified within its supply chain, Damen takes swift and decisive action to address them. This may include restrictions on business relationships with certain suppliers, and Damen monitors its supply chain closely to ensure that its standards are being met. The company also informs its supply chain partners of its expectations for responsible business practices and encourages them to adopt similar standards. Damen takes its relationship with suppliers seriously and is committed to continuously improving its supply chain. To achieve this, the company works closely with its suppliers to develop improvement plans and provide them with training and awareness on issues related to sustainability, human rights, and environmental protection.

Damen recognizes that terminating a supplier relationship should be a last resort and that it is not always the most effective solution to addressing issues within the supply chain.

Instead, Damen strives to work collaboratively with its suppliers to identify and address any issues and to find solutions that benefit all parties involved. Through its ongoing efforts to promote sustainability and responsible business practices within its supply chain, Damen is committed to creating long-term value for its stakeholders and the communities in which it operates.

In addition, Damen has implemented a whistleblower system that allows employees, suppliers, and other stakeholders to report any concerns about its supply chain practices. The notifications are automatically forwarded to Damen's Compliance Officers, who investigate the case in a transparent way and ensure relevant authorities are informed in a timely manner. They can also rely on external support if needed to take care of a case.

Overall, Damen is committed to responsible supply chain management, and will continue to work closely with its chain partners to ensure that it is meeting its obligations and contributing to a more sustainable future.



Governance

Corporate governance plays a critical role in the efficient management of a company, encompassing oversight of the management team and transparent communication of the company's strategy to stakeholders, including employees, clients, and society at large. Key elements such as strategy formulation, monitoring of business objectives, corporate culture, and ensuring the fulfilment of reporting and transparency obligations, are integral to effective corporate governance. The governance of Damen is executed in a two tier manner by the Executive and Supervisory Boards.

The Executive Board, comprising four members and a company secretary, oversees the divisions, with each member responsible for a specific organisational segment aligned with the Damen strategy. The Executive Board reports to the Supervisory Board, that comprises of five members.

In 2022 the eight division format of Damen, expanded to nine divisions by the end of 2022 with the split of the MSV division into Offshore & Specialised Vessels (OSV) and Damen Romanian Yards (DRY).

Each division operates with its own business plan and profit and loss account, closely monitored through quarterly meetings and (sustainable) key performance indicators (KPIs) introduced in 2022.

With the alignment of KPIs in all divisions, Damen aims for better performance monitoring throughout the business.

› Remuneration policy

Members of the Executive Board have a contract of employment with Damen Shipyards Group, and receive a fixed base salary as well as short term and long term incentives in line with the results of the Damen Group and realised objectives. The remuneration of the members of the supervisory board consists of a fixed annual fee and a fee for each committee meeting that is attended.

EXECUTIVE BOARD

› Arnout Damen (CEO)

Age 52, male

Has worked 12 years at Damen Shipyards Group as CEO, CCO and COO, before that Managing Director at Navingo BV, started career as Founder and CEO of DBL Investments Real Estate

Year of appointment: Since 2008 as non-executive board member, 2020 as CEO

› Jan-Wim Dekker (CCO)

Age 55, male

Has worked at Damen since 1994, since 2015 in leading position as CPO, followed by COO and since 2020 as CCO.

Year of appointment: 2014

› Marc van Heyningen (COO)

Age 57, male

Employed at Fluor in various (management) positions since 1990; most recently as Vice President of Operations. Since 2020 COO at Damen Shipyards Group.

Year of appointment: 2020

› Ronald Suhlmann (CFO)

Age 48, male

Started his career at Ballast Nedam in 1999, served the company in several positions and moved to Damen in 2015, where he was Financial Director of both Naval and Yachting divisions.

Year of appointment: 2021

› Mario Herrebout (Company Secretary & Chief Counsel)

Age 54, male

Has started at Damen Naval in 2009 as General Counsel. Appointed at the end of 2019 as Company Secretary of the Damen Shipyards Group and since April 2021 the Chief Counsel.

Year of appointment: 2019

SUPERVISORY BOARD

› Kommer Damen (chairman)

Age 79, male

Kommer Damen is a prominent figure in the maritime industry. He took over Damen Shipyards from his father Jan Damen in 1969, he played a key role in driving innovation and shaping the company's success.

Year of appointment: 1991

› Annelies Damen

Age 54, female

After her studies at the University Nijenrode (BBA), started her career in the business world on a high level (sales, marketing and real estate). In 2006 changed direction to fine art photography after graduating from the Academy of Photography in Amsterdam.

Year of appointment: 2020

› Jurgen van Breukelen

Age 53, male

Background info: worked at KPMG Netherlands between 1994 and 2015, the last 15 years as a partner, since 2007 a member of the Board of Directors and later as CEO. Today he is, among other roles, Chairman of the Board of Directors of The Altice Group. In the past he was Chairman of the Supervisory Board of Van Ganswinkel Groep and Chairman of the Board of Bosal.

Year of appointment: 2020. Ancillary positions: He fulfills a number of advisory and supervisory functions.

› Bert Greven

Age 70, male

Background info: started at Rabobank in 1975 and retired from the bank last year. He continues his career as associate partner at Avaxa Debt Advisors.

Year of appointment: 2020. Ancillary positions: he has taken on a number of advisory and supervisory positions, including that of advisor to the board at the shipping company Royal Wagenborg.

› Henk Rottinghuis

Age 66, male

Henk was CEO and Chairman of Pon Holdings from 2001 to 2010. He joined Pon in 1993 and became a member of its executive board in 1999. Before that, he held senior management positions at Koninklijke Nedlloyd Group. Since his retirement from Pon, he has held several supervisory board and non-executive director positions, among others at Royal Bank of Scotland, Blokker, DRG, Stork and CRH.

Year of appointment: 2020. Ancillary positions: chair of the supervisory board of Royal BAM and chairman of the supervisory board of Koole Terminals

CSR reporting principles

Damen is committed to providing annual transparent and comprehensive reporting since 2014 and has continuously improved its reporting practices each year on its societal and environmental impacts. To this end, we have established a reporting policy that ensures the accuracy, reliability, and completeness of our reporting.

Scope and Boundaries of Reporting

Our CSR reporting covers all entities within the Damen Shipyards group, including our subsidiaries and relevant joint ventures, the overview of reporting entities can be found in the chapter Global Presence (hereunder is a list provided with exemptions). We have identified material themes that are relevant to our operations and stakeholders, and for each theme, we have defined the boundaries of our reporting. Where necessary, we have explained any deviations from the group of entities covered. Where our reporting also covers activities outside our organization that are relevant to our stakeholders, this is clearly indicated in the notes. Damen follows specific procedures for the inclusion of newly acquired companies and divested companies in our reporting. These procedures ensure that we can integrate their CSR impacts in our reporting in a timely and accurate manner. Our CSR reporting policy follows international guidelines such as the Global Reporting Initiative (GRI) Standards, the GRI index can be found in the back of this report. We also use specific definitions, measuring, estimating, and calculating methods for all indicators related to material topics with guidance from the GRI and European Sustainability Reporting Standards (ESRS).

Data Collection Process

We collect data for our CSR reporting through various channels, including internal systems and external sources such as suppliers, customers, and stakeholders conducted at all levels. We have established a process for ensuring the quality and reliability of the data we collect, which includes regular checks and validation procedures. Some examples of the data source and system is given in the table hereunder.

To ensure the accuracy and completeness of our CSR reporting, we have established internal processes for verifying and validating the data we collect. Each Division has a dedicated responsible person that is charge with verifying the reliability of the data provided. These processes involve regular reviews of data, checks for data consistency, and validation against external sources. We also engage with our stakeholders to verify the accuracy and completeness of our reporting.

Exempted reporting entities

Data	System
HSE informations	Rdrive
CO2 audit	Greenly
Financial data	One Stream
HR data	Workdays (implementation in progress) Online forms
Supply Chain	Integrity Next

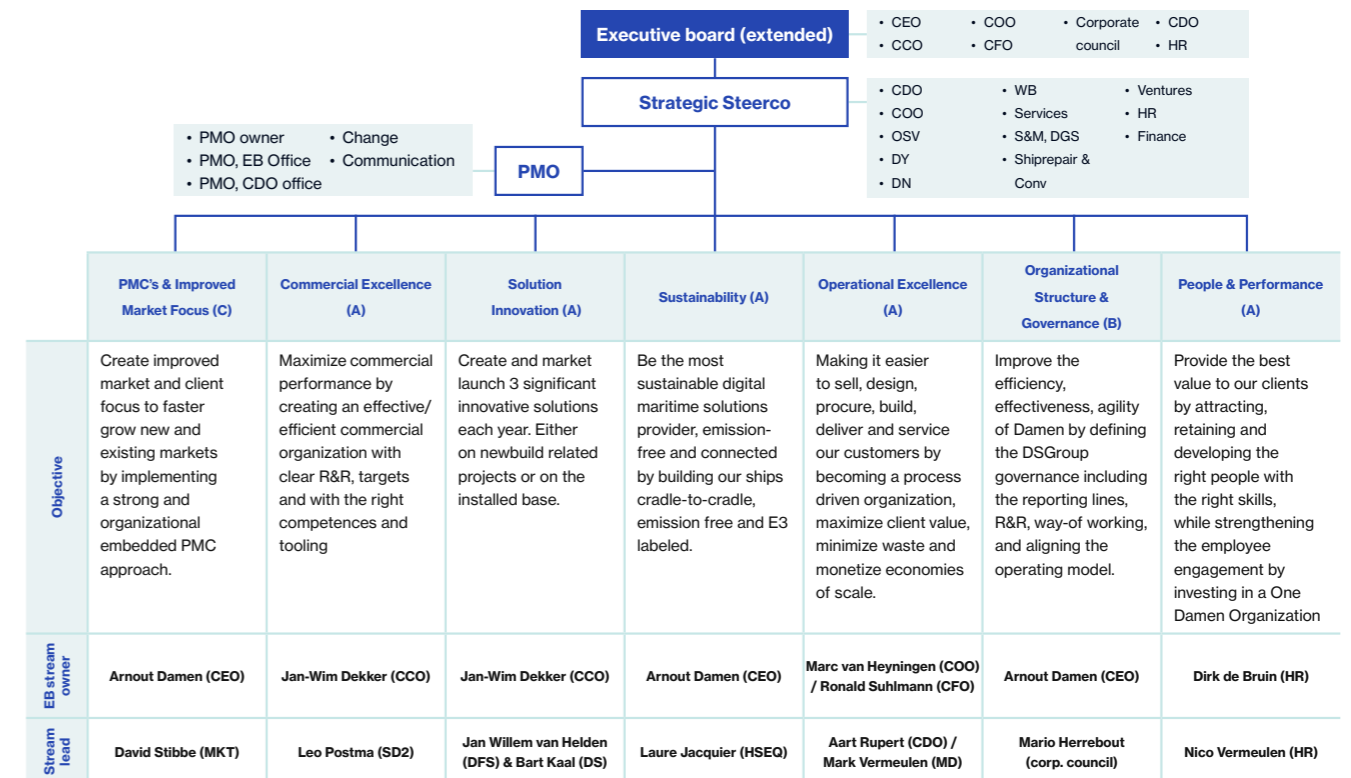
Entity	Division	Exempted
Delta Marine Engineering – Temse	Naval	All data
Nevesbu - All locations	Naval	All data
Marine Engineering Galati	Naval	All data
Service Hubs – All locations	Services	All data (HR data consolidated within Division)
Knud E. Hansen - Elsinore	Ventures	Environmental data
Knud E. Hansen – Other locations	Ventures	All data
Damen Winch Technology – Zwolle	Ventures	Environmental data
Van der Velden Barkemeyer - All locations	Ventures	Environmental data
Alewijnse – All locations	Ventures	All data

Sustainable Growth

The Damen Shipyards Group is committed to achieving sustainable growth by balancing economic, social, and environmental considerations in its business operations. This CSR report provides a comprehensive overview of the organization's performance over the past year, highlighting the areas that have performed well and those that require improvement. By being transparent and accountable, the Damen aims to build trust with its stakeholders and demonstrate its commitment to responsible business practices.

Damen has made significant progress over the past year towards achieving its CSR goals. Key performance indicators (KPIs) have been established to measure progress in areas such as energy efficiency, waste reduction, and employee engagement. The organization has exceeded its targets in

several areas, including over 26% reduction in carbon footprint and 20% waste reduction at its yard in Galati. These achievements demonstrate Damen's commitment to reducing its environmental footprint and operating in a sustainable manner.



While the Damen has made progress in several areas, there are also areas that require improvement. The two fatal accidents we had was a harsh reminder of the human risk during shipbuilding and ship repair activities. We need to strengthen our focus on safety and make sure our culture of care is adopted in all organisation. Only when we truly care for each other and dare address risks and behaviour can we create safe working conditions. Damen recognizes the importance of transparency and accountability in addressing these areas and is committed to taking a proactive approach to continuous improvement. Additionally, Damen has identified the need to improve its supply chain management practices, including ensuring that its suppliers adhere to the same ethical and environmental standards that the organization itself upholds. Damen also need to improve its diversity and inclusion practices, and this is fully integrated in our 5-years strategy.

With 35 yards operating in thirteen countries, a wide array of activities (spanning from ship design to financing complex projects) Damen recognizes the significant challenge of reporting as a single entity. The journey towards effective reporting (and compliance with the CSRD) will not be easy. It will require close collaboration between departments such as finance, Human Resources, and sustainability to ensure that all relevant aspects of reporting

are addressed comprehensively and accurately. Damen is committed to working together across departments to enhance its reporting practices and report openly and transparently. To address the areas that require improvement, Damen has developed a comprehensive improvement plan that outlines specific, measurable, achievable, relevant, and time-bound (SMART) targets. The 5-years strategic plan was developed with a representation of more than 100 employees from different divisions and all levels of the organisation. With a solid internal and external analysis, 6 focus areas were identified. For each of them, an improvement plan was developed and the implementation is closely monitored by the executive board through a clear continuous improvement structure.

Damen remains committed to achieving sustainable growth by balancing economic, social, and environmental considerations in its business operations. By being transparent and accountable, the organization aims to build trust with its stakeholders and demonstrate its commitment to responsible business practices. The organization will continue to monitor and report on its progress against its improvement plan and make any necessary adjustments to ensure that it remains on track towards achieving its CSR goals.

Policies and Frameworks for Sustainable and Responsible Business Practices

At Damen Shipyards Group, we are committed to conducting business in a responsible and sustainable manner, recognizing that it is essential for our success and the well-being of our employees, communities, and the environment. Our Corporate Social Responsibility (CSR) efforts reflect our dedication to these values, which guide our decision-making and actions.

To uphold our commitment, Damen has implemented various policies that align with the OECD and UNGP as well as our values and principles, promoting ethical, social, and environmental responsibility throughout our operations and supply chain. These policies are regularly reviewed and updated to ensure their relevance and effectiveness, like the Health, Safety, Security, Environment, and Quality policies, which were updated in 2022.

In addition, Damen Shipyards Group N.V. has recently implemented a comprehensive Governing Framework in 2022. This framework provides a clear structure for policy creation, establishes a hierarchy of governing documents within Damen, and outlines the decision-making process for policy approval, including identifying responsible authorities. It also encompasses communication, monitoring, updating, and enforcement of policies, resulting in increased coherence, effectiveness, and efficiency in policy management. This Governing Framework strengthens Damen's commitment to robust and transparent policy governance.

The primary purpose of this framework is to ensure consistent and appropriate establishment, application, monitoring, and review of governing documents across the Group. It involves a formal approval and monitoring process that engages relevant stakeholders to ensure proper implementation.

Furthermore, Damen has introduced two new policies in 2022, namely the Human Rights Policy and Modern Slavery Statement, which further reinforce our commitment to promoting and protecting human dignity, well-being, and rights, and ensuring that our business practices and supply chains are free from foul exploitation.

In addition to our policies, Damen holds multiple ISO certifications across the group, including ISO 9001 for quality

management, ISO 14001 for environmental management, and ISO 45001 for occupational health and safety management. These certifications demonstrate our dedication to continuous improvement and meeting the highest industry standards. In 2022, Damen also initiated the implementation of the ISO 37001 management system, ensuring complete integrity and transparency in our business practices.

ISO certification

<p>DNV & Lloyd Certification 9001, 14001, 45001</p> <p>Naval Division</p>	<p>Lloyd Certification 9001, 14001, 45001</p> <p>Shiprepair & Conversion Division</p>
<p>Lloyd Register, Bureau Veritas & China Classification Certification 9001, 14001, 45001</p> <p>Ventures Division</p>	<p>DNV Multi-site Certification 9001, 14001, 45001 (Gorinchem)</p> <p>Holding</p> <p>Workboats Division</p> <p>OSV Division</p> <p>Services Division</p> <p>Global Support</p>
<p>Bureau Veritas 9001, 14001</p> <p>Services Division</p>	
<p>DNV Certification 9001</p> <p>Yachting Division</p>	

Policies

Transparency and accountability are essential to building trust with our stakeholders and contributing to a better world. We believe that by promoting responsible and sustainable business practices, we can create long-term value for our stakeholders and make a positive impact on the world around us. In this chapter, we provide an overview of all our policies, as we strive to uphold transparency and accountability in all our endeavours, our policies can be found on; [Damen.com](https://www.damen.com).

› Diversity, equity & inclusion policy (prepared in 2022, to be adopted early 2023)

Damen Shipyards Group values and embraces diversity, equity, and inclusion (DE&I) in our workforce, fostering a culture that respects and welcomes individuals from diverse backgrounds. We strive to create a workplace where everyone feels valued, supported, and empowered to reach their full potential.

› Human rights policy (adopted 2022)

At Damen Shipyards Group, we recognize and uphold the inherent worth and rights of all individuals, including our employees and the communities in which we operate. Our Human Rights Policy is a testament to our commitment to our stakeholders and outlines the actions we take to support and promote human dignity and well-being.

› Modern slavery statement (adopted 2022)

Damen Holding B.V. issues this statement to outline the measures taken by Damen Shipyards Group to prevent slavery and human trafficking in our operations. This statement serves as a reference document to meet legal requirements and promote transparency to our stakeholders. We are committed to ensuring that our business practices and supply chains are free from exploitation, promoting ethical and responsible conduct across our organization.

› Quality policy

Damen Shipyards Group aims to deliver products and services that meet or exceed customer expectations and regulatory requirements while continuously improving their quality management system.

› Environment policy

The group is committed to minimizing the environmental impact of its operations and promoting sustainability by complying with environmental laws and regulations, reducing emissions, conserving energy, and promoting eco-friendly practices.

› Occupational health & safety policy

Damen Shipyards Group prioritizes the safety and health of its employees, contractors, and visitors by providing a safe working environment, promoting risk awareness, and adhering to international health and safety standards.

› Security policy

The group takes security seriously and implements measures to safeguard its people, assets, and information against internal and external threats, such as cyberattacks, piracy, and terrorism.

› Governing document framework

Damen Shipyards Group has a structured approach to creating, revising, approving, and distributing governing documents, such as policies, procedures, and guidelines, to ensure consistency and compliance with regulations and industry best practices.

› Code of conduct

The group sets ethical standards for its employees, contractors, and suppliers, outlining behaviors and practices that align with its values and principles, such as honesty, fairness, respect, and accountability.

› Personal and business integrity policy

Damen Shipyards Group promotes a culture of integrity, transparency, and ethical conduct, prohibiting any form of corruption, fraud, or illegal activity and encouraging employees to report any suspected violations.

› Whistleblower policy

The group provides a mechanism for employees, contractors, and stakeholders to report concerns or grievances related to misconduct or non-compliance with laws, regulations, or policies, protecting them from retaliation and ensuring confidentiality.

› Anti-bribery and corruption policy

Damen Shipyards Group prohibits all forms of bribery, extortion, and corrupt practices and implements measures to prevent, detect, and remediate such activities.

› Export control and sanctions policy

The group complies with national and international regulations and laws related to export controls, sanctions, and embargoes, ensuring that its products and services do not contribute to illegal activities or human rights violations.

› Competition policy

Damen Shipyards Group adheres to fair competition laws and regulations, promoting a level playing field and preventing anti-competitive behavior or practices that could harm consumers or competitors.

› Financial compliance policy

The group complies with financial laws and regulations, such as tax, accounting, and reporting requirements, ensuring transparency and accuracy in its financial operations.

› Document retention policy

Damen Shipyards Group has a policy for retaining and disposing of documents and records, ensuring their confidentiality, integrity, and availability, as well as compliance with legal and regulatory requirements.

› Supplier code of conduct

The group requires its suppliers and contractors to adhere to ethical, social, and environmental standards, promoting responsible business practices and sustainability throughout its supply chain.

› Social media policy

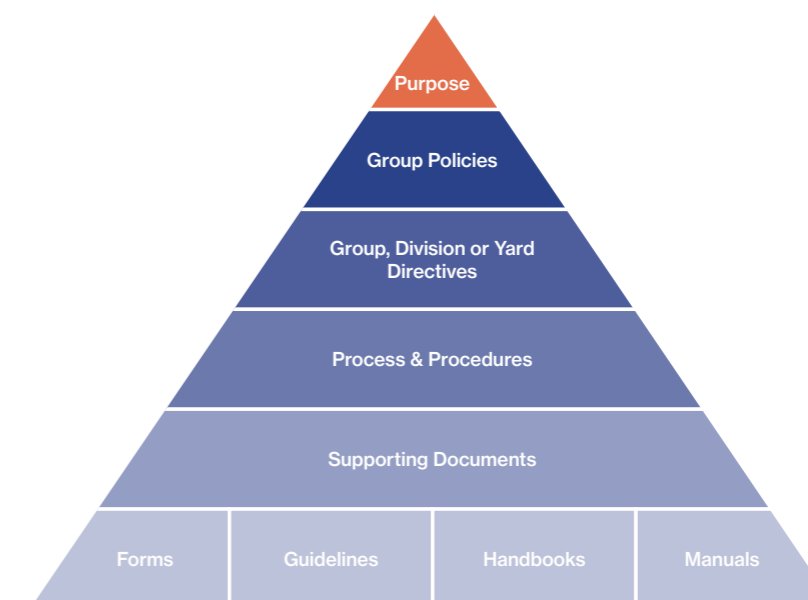
Damen Shipyards Group has guidelines for employees and stakeholders to use social media responsibly and professionally, protecting the company's reputation, confidentiality, and privacy.

› Code of financial compliance

The group sets standards for financial conduct, outlining ethical and legal practices related to financial management, reporting, and disclosure.

› Sponsorship and donation policy

Damen Shipyards Group supports charitable organizations and initiatives that align with its values and social responsibility, following a transparent and fair process for sponsorships and donations.



Implementation of Governing Documents

Abbreviations

ASD	Azimuth Stern Drive	HR	Human Resources
BV	Besloten Vennootschap - Private Company	HSSEQ	Health, Safety, Security, Environment and Quality
C&B	Compensations and Benefits	IMO	International Maritime Organisation
CCO	Chief Commercial Officer	ISO	International Organization for Standardization
CEC	Capital Equipment Coalition	KPI	Key Performance Indicators
CEO	Chief Executive Officer	L&D	Learning and Development
CFO	Chief Financial Officer	LCA	Lifecycle Assessment
CO2	Carbon dioxide	LNG	Liquified Natural Gas
COO	Chief Operation Officer	LTIR	Lost Time Injury Rate
CSD	Cutter Suction Dredger	MARIN	Maritime Research Institute Netherlands
CSDDD	Corporate Sustainability Due Diligence Directive	MDEM	Marine Design Engineering Mykolayiv
CSOV	Commissioning Service Operations Vessel	MOU	Memorandum of Understanding
CSR	Corporate Social Responsibility	MSV	Mid-Sized Vessels
CSRD	Corporate Sustainability Reporting Directive	MV	Motor Vessel
CTI	Circular transition Indicator	NGO	Non-Governmental Organisation
DACS	Design and Analysis of Communication Systems	NL	Netherlands
DE&I	Diversity, Equity and Inclusion	OECD	Organisation for Economic Co-operation and Development
DMS	Damen Marine Services	OEM	Original Equipment Manufacturer
DMSS	Damen Maaskant Shipyards Stellendam	OSC	Operational Steering Committee
DMV	Damen Maritime Ventures	OSV	Offshore and Specialised Vessels
DRY	Damen Romanian Yards	PACE	Platform for Accelerating the Circular Economy
DS	Damen Shipyards	PESTLE	Political, Economic, Social, Technological, Legal, and Environmental
DSNS	Damen Schelde Naval Shipbuilding	PMC	Product Market Combination
DSC	Damen Shiprepair and Conversion	PMO	Project Management Office
DSGa	Damen Shipyards Galati	R&D	Research and Development
E3	Environmentally friendly, Efficient in operation, Economically viable	RD&I	Research, Development and Innovation
EB	Executive Board	RNLN	Royal Netherlands Navy
EDOP	Electrically Driven Submersible Dredge Pump	RSD-E	Reversed Stern Drive Tug Electric
ERP	Enterprise resource planning	SBTi	Science Based Targets Initiative
ESG	Environmental, Social, and Governance	SDG	Sustainable Development Goals
ESRS	European Sustainability Reporting Standard	SMART	Specific, Measurable, Achievable, Relevant and Time-bound
EU	European Union	SME	Small and Medium Enterprises
EUR	Euro	SOV	Service Operation Vessel
FAT	Fatal	TNO	Netherlands Organization for Applied Scientific Research
FCS	Fast Crew Supplier	UN	United Nations
FSRU	Floating Storage Regasification Unit	UNGP	UN Guiding Principle on business and Human Rights
FTE	Fulltime Employee	WC	Workers Council
GHG	Greenhouse gases		
GRI	Global Reporting Initiative		
HQ	Headquarters		

GRI Table

GRI TOPIC NO.	2022	2021	REMARKS
Environmental			
Reporting entities	44	37	
302 Energy			
Purchased Electricity per production hour	5,0 KWh	4,7 kWh	
305 GHG Emissions			
Total Co2	97.700t	95.400t	
Co2 per production hour	2,8kg	2,9kg	
Scope 1 GHG	47.300t	49.050t	
Scope 2 GHG	48.300t	45.500t	
Scope 3 GHG	2.100t	850t	Business travel only
306 Waste			
Total waste	74.000t	82.600t	
Waste kg/per FTE	4,2kg	4,7kg	
303 Water			
Water usage	5,46M m ²	6,83M m ²	
Water discharge	0,78M m ²	0,4M m ²	
Social			
401 Employment			
New employees	12,6%	7,2%	
New Employees fixed contract	60 %	50 %	
New employees local	95 %	86 %	
Employees that left	10,9%	11,8%	
System for parental leave	86 %	30 %	
404 Training			
Total training hours	178K	207K	
Total training for managers	11K	3K	
Employees receiving regular development reviews	55%	-	
405 Employee diversity			
Number of employees	10.400	10.000	
Gender ratio M/F	87%/13%	86%/14%	
Gender in management ratio M/F	80%/20%	84%/16%	
Remuneration difference M/F	5,40%	-	
Remuneration difference management M/F	4,20%	-	
Employees by age:			
Under 30	12%	12%	
Between 30-50	62%	62%	
Over 50	26%	26%	
Employees fixed contract	92%	94%	
Employees Local	92%	94%	
406 Non-discrimination			
Anti-discrimination system in place	76%	58%	
Discrimination incidents	1	-	
407 Locations with a workers council	72%	55%	
403 Safety			
Fatalities	2	1	
Near miss cases	142	118	
Workdays lost	2.193	1.244	
LTIR/total hours (average)	3,85	3,52	
Hazard observations	6.780	3.678	
Safety training	100%	98%	
403 Health			
Work related ill health			
Backache	33%	24%	
Stress	22%	15%	
Eye-strain	19%	13%	
Hearing loss	15%	8%	
RSI	13%	5%	
Depression	10%	4%	
Anxiety	6%	5%	
Asthma	4%	1%	
Cancer	3%	2%	
Governance			
205 Legal & Compliance			
Responsible person for legal & compliance	71%	-	
No. of anti-corruption operations assessed	8	-	
Compliance policies communicated	100%	-	

GRI index

GRI standard	Disclosure	Location	Title	Remarks
GRI 2: General Disclosures 2021	2-1 Organizational details	3	Colophon	
	2-2 Entities included in the organization's sustainability reporting	18-19	Global presence	Exemptions within reporting principles, p148
	2-3 Reporting period, frequency and contact point	3	Colophon	
	2-4 Restatements of information	32-33	Key figures	See GRI table and general throughout the report
	2-5 External assurance			
	2-6 Activities, value chain and other business relationships	128-129, 140-141	Damen's Worldwide Presence, Building Sustainable Partnerships	
	2-7 Employees	32-33	Key figures	See GRI table
	2-8 Workers who are not employees	80-88	Safe and empowered	See GRI table
	2-9 Governance structure and composition	146-147	Governance	
	2-10 Nomination and selection of the highest governance body	146-147	Governance	
	2-11 Chair of the highest governance body	146-147	Governance	
	2-12 Role of the highest governance body in overseeing the management of impacts	146-147	Governance	
	2-13 Delegation of responsibility for managing impacts	149-150	Sustainable Growth	
	2-14 Role of the highest governance body in sustainability reporting	149-150	Sustainable Growth	
	2-15 Conflicts of interest	151-153	Policies and Frameworks for Sustainable and Responsible Business Practices	
	2-16 Communication of critical concerns	146-147, 151-153	Governance, Policies and Frameworks for Sustainable and Responsible Business Practices	
	2-17 Collective knowledge of the highest governance body	146-147	Governance	
	2-18 Evaluation of the performance of the highest governance body	146-147	Governance	
	2-19 Remuneration policies	146-147	Remuneration Policy	See GRI table
	2-20 Process to determine remuneration	146-147	Remuneration Policy	See GRI table
	2-21 Annual total compensation ratio			See GRI table
	2-22 Statement on sustainable development strategy	36-41	5-Year Strategy Plan, Sustainability Compass	
	2-23 Policy commitments	151-153	Policies and Frameworks for Sustainable and Responsible Business Practices	
	2-24 Embedding policy commitments	151-153	Policies and Frameworks for Sustainable and Responsible Business Practices	
	2-25 Processes to remediate negative impacts	151-153	Policies and Frameworks for Sustainable and Responsible Business Practices	
	2-26 Mechanisms for seeking advice and raising concerns	151-153	Policies and Frameworks for Sustainable and Responsible Business Practices	
	2-27 Compliance with laws and regulations	64-69	Responsible Business	
	2-28 Membership associations			
	2-29 Approach to stakeholder engagement	140-141	Building Sustainable Partnerships	
	2-30 Collective bargaining agreements	151-153	Policies and Frameworks for Sustainable and Responsible Business Practices	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	142-144	Double Materiality Matrix	
	3-2 List of material topics	142-144	Double Materiality Matrix	
	3-3 Management of material topics	142-144	Double Materiality Matrix	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed			Annual Report 2022
	201-2 Financial implications and other risks and opportunities due to climate change			Annual Report 2023
	201-3 Defined benefit plan obligations and other retirement plans			Annual Report 2022
	201-4 Financial assistance received from government			Annual Report 2022
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage			
	202-2 Proportion of senior management hired from the local community			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported			Annual Report 2022
	203-2 Significant indirect economic impacts			Annual Report 2022
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	128-129	Damen's Worldwide presence	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	66-67	Legal, Compliance & Risk	See GRI table
	205-2 Communication and training about anti-corruption policies and procedures	66-67	Legal, Compliance & Risk	See GRI table
	205-3 Confirmed incidents of corruption and actions taken	66-67	Legal, Compliance & Risk	See GRI table
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	151-153	Policies and Frameworks for Sustainable and Responsible Business Practices	
GRI 207: Tax 2019	207-1 Approach to tax			Annual Report 2022
	207-2 Tax governance, control, and risk management			Annual Report 2022
	207-3 Stakeholder engagement and management of concerns related to tax			Annual Report 2022
	207-4 Country-by-country reporting			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	89-93	Environmental stewardship	See GRI table
	301-2 Recycled input materials used	89-93	Environmental stewardship	See GRI table
	301-3 Reclaimed products and their packaging materials			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	89-93	Environmental stewardship	See GRI table
	302-2 Energy consumption outside of the organization	89-93	Environmental stewardship	See GRI table
	302-3 Energy intensity			
	302-4 Reduction of energy consumption	89-93	Environmental stewardship	See GRI table
	302-5 Reductions in energy requirements of products and services	89-93	Environmental stewardship	See GRI table

GRI index

GRI standard	Disclosure	Location	Title	Remarks
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	94	Water use & waste water	See GRI table
	303-2 Management of water discharge-related impacts	94	Water use & waste water	See GRI table
	303-3 Water withdrawal	94	Water use & waste water	See GRI table
	303-4 Water discharge	94	Water use & waste water	See GRI table
	303-5 Water consumption	94	Water use & waste water	See GRI table
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			
	304-2 Significant impacts of activities, products and services on biodiversity			
	304-3 Habitats protected or restored			
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	89-93	Environmental stewardship	See GRI table
	305-2 Energy indirect (Scope 2) GHG emissions	89-93	Environmental stewardship	See GRI table
	305-3 Other indirect (Scope 3) GHG emissions	89-93	Environmental stewardship	See GRI table
	305-4 GHG emissions intensity	89-93	Environmental stewardship	See GRI table
	305-5 Reduction of GHG emissions	89-93	Environmental stewardship	See GRI table
	305-6 Emissions of ozone-depleting substances (ODS)			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	89-93	Environmental stewardship	See GRI table
	306-2 Management of significant waste-related impacts	89-93	Environmental stewardship	See GRI table
	306-3 Waste generated	89-93	Environmental stewardship	See GRI table
	306-4 Waste diverted from disposal			
	306-5 Waste directed to disposal			
GRI 303: Water and Effluents 2018	308-1 New suppliers that were screened using environmental criteria	68-69, 145	Purchasing with integrity, Responsible sourcing	
	308-2 Negative environmental impacts in the supply chain and actions taken	68-69, 145	Purchasing with integrity, Responsible sourcing	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	60-61	Diversity, Equity and Inclusion	See GRI table
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees			
	401-3 Parental leave			See GRI table
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	85-88	Safety	See GRI table
	403-2 Hazard identification, risk assessment, and incident investigation	85-88	Safety	See GRI table
	403-3 Occupational health services	85-88	Safety	See GRI table
	403-4 Worker participation, consultation, and communication on occupational health and safety	85-88	Safety	See GRI table
	403-5 Worker training on occupational health and safety	85-88	Safety	See GRI table
	403-6 Promotion of worker health	85-88	Safety	See GRI table
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	85-88	Safety	See GRI table
	403-8 Workers covered by an occupational health and safety management system	85-88	Safety	See GRI table
	403-9 Work-related injuries	85-88	Safety	See GRI table
	403-10 Work-related ill health	85-88	Safety	See GRI table
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	42-103	Sustainable Organisation, Sustainable Operation	See GRI table
	404-2 Programs for upgrading employee skills and transition assistance programs	42-103	Sustainable Organisation, Sustainable Operation	See GRI table
	404-3 Percentage of employees receiving regular performance and career development reviews	42-103	Sustainable Organisation, Sustainable Operation	See GRI table
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	146-147	Governance	See GRI table
	405-2 Ratio of basic salary and remuneration of women to men			See GRI table
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	151-153	Policies and Frameworks for Sustainable and Responsible Business Practices	See GRI table
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	68-69, 145, 151-153	Purchasing with integrity, Responsible sourcing, Policies and Frameworks for Sustainable and Responsible Business Practices	See GRI table
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	68-69, 145, 151-153	Purchasing with integrity, Responsible sourcing, Policies and Frameworks for Sustainable and Responsible Business Practices	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	68-69, 145, 151-153	Purchasing with integrity, Responsible sourcing, Policies and Frameworks for Sustainable and Responsible Business Practices	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs			
	413-2 Operations with significant actual and potential negative impacts on local communities			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	68-69, 145	Purchasing with integrity, Responsible sourcing	
	414-2 Negative social impacts in the supply chain and actions taken	68-69, 145	Purchasing with integrity, Responsible sourcing	
GRI 415: Public Policy 2016	415-1 Political contributions			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling			
	417-2 Incidents of non-compliance concerning product and service information and labeling			
	417-3 Incidents of non-compliance concerning marketing communications			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data			



DAMEN

Damen.com