

Sustainability report 2022



**Passionate
about steel**

Sustainability report

Content

WHO ARE WE?..... 6

About Smulders7

Our market segments7

The strength of a large group.....8

Our values.....9

Our mission.....9

SMULDERS AND SUSTAINABLE ENTREPRENEUR SHIP 10

THE FRAME OF REFERENCE 12

People.....14

Involvement..... 14

Development opportunities..... 14

Safety..... 16

Charities 17

Team events 19

Planet.....20

Climate action - Based on 5 spearheads..... 20

CO₂ management..... 20

Equipment gets new life 20

Ecological footprint..... 20

Living in water 20

Living on land..... 21

Circular waste containers 21

New water coolers 21

Peace22

Ethical business practices..... 22

Partnership23

Universities 23

Lidwina 23

Cooperation with customers and suppliers 23

Decarb Conference 23

Prosperity24

Electrification of passenger transport..... 24

Renovation of youth movement ‘chiro’ premises 24

Local sponsorship..... 24

CO₂ PERFORMANCE LADDER..... 26

Emissions review 2022.....27

A few particularities 28

Scope 3 emissions 28

Energy Management Plan.....29

Green electricity 29

Plan CO₂ Neutral 2035.....29

Onsite production 29

Transport 29

Heating..... 29

Compensation 30

Foreword

As a steel constructor, we have known for a long time that our activities have a major impact on the environment and the surrounding area. Almost 10 years ago we jumped on the sustainability train and in 2022 it again raced on without stopping.

In September, we received the Sustainable Entrepreneurship Award at a major awards show organised by VOKA, which was a great reward for the road we have travelled so far. The next step in our journey with VOKA is achieving the SDG Champion certification. For this, we have submitted an overall plan to be carbon neutral by 2035.

We also increasingly participate in larger, international events and are regularly asked to speak at seminars from our expertise. To have an impact on the strategy of major steel companies, we joined SteelZero in 2021, an initiative that

brings together leading organisations to accelerate the transition to a carbon-neutral steel industry. One of the tasks of the various working groups is to investigate which requirements can be imposed to buy half of our steel with a low-emission requirement by 2030.

We will also have to take a lot of actions to comply with the strict guidelines imposed by the EU (European Green Deal). It definitely looks like we will have to shift up another gear to keep up with the sustainability train. For now, I would like to thank all employees. It is thanks to your daily efforts and commitment that we can make this happen.

Raf Iemants
Managing Director Smulders



WHO ARE WE?

About Smulders

Smulders is an international steel construction company with more than 50 years of experience. We are a solid and flexible partner in project management, engineering, assembly and surface treatment of mainly heavy, technically complex steel constructions.

We have more than 1,400 employees spread over branches in Belgium, the Netherlands, the UK, Poland and India.

Thanks to the location of our branches, we can usually rely on local resources, while also avoiding unnecessary transports, with a positive impact on our CO₂ emissions.

Our market segments

Smulders realises unique and challenging projects in three market segments:



Offshore Foundations



Offshore Substations



Civil & Industry

For our group, the focus on sustainability has resulted in us leaving an old market segment, i.e. Oil & Gas. In recent years, we were still active in this market for the decommissioning of Oil & Gas structures. We have now decided to withdraw completely from this market and focus entirely on Offshore Wind and Civil & Industry.

The result of our 20 years of experience in the Offshore Wind market is our contribution in the 17 GW installed offshore and producing green energy. We also have another 14 GW in the pipeline in the coming years.

The strength of a large group

We are part of Eiffage, a leading group in the European concessions and public works sector. The group operates through 4 business lines: Construction, Infrastructure, Energy and Concessions & Public-Private Partnerships. Smulders is part of the Infrastructure branch.



Our values

Throughout the past decades our main goal has always been: “To make our client’s wishes reality”. Combining our passion for steel with our extensive expertise enables us to bring unique products to the market.

We create our products with the utmost care and a keen eye for quality in constant proactive interaction with our clients. We stand out in terms of know-how and technical skills, but most of all in our drive to fulfil the promises we make to our clients. Our reference projects around the world prove this. Simply because they were realised with a true passion for steel.

In recent years, we have made a strong commitment to Sustainability and we can proudly say that we are one of the pioneers. Sustainability is becoming more important for our customers, even during the tender phase. In more than half of the invitations to tender, we are requested to complete an extensive questionnaire or to register on platforms such as EcoVadis and CDP. This will play an even bigger role in the future. Thanks to our pioneering role and the actions we have taken, we have achieved excellent scores and we can be truly ‘on top of the game’.

All Smulders operations are based on our 6 core values: Decisiveness, Innovation, Respect, Expertise, Customer Focus and Teamwork. They are the basis for success in accomplishing our mission and vision.

This umbrella of values is just perfect to take steps towards more sustainability.

Our mission

“Passionately creating complex steel structures by embracing unique expertise and innovation.”

Our mission statement is focused on innovation, to which we have been truly committed in recent years in several areas of our business. This focus on innovation can partly be attributed to sustainability. Just think of renewable energy sources, energy-saving measures, research into future low-carbon or even carbon-neutral alternatives, etcetera.

Our aim is to be fully CO₂ neutral by 2035. By the end of 2023, we will draw up a carbon-neutral plan for each site, which will specify the actions to be taken to achieve this objective. You will find more about this in the chapter on the CO₂ Performance Ladder.



SMULDERS AND SUSTAINABLE ENTREPRENEURSHIP

Provence Grand Large
3 offshore wind floating foundations

Implementing strong systems, processes and good policies across the corporate culture has allowed us to manage our environmental impact and reduce our carbon footprint.

Smulders has long been committed to social engagement. For example, there is a long-standing cooperation with local schools, we support social projects and we make every endeavour to limit any negative impact on our neighbours (noise, smell, traffic, etc.).

Since 2014, Smulders has been focusing more on CO₂ management. Mapping out our energy consumption provides a clear picture of where the savings options for our organisation lie. We use the CO₂ Performance Ladder, an instrument that supports companies in the reduction of their CO₂ emissions.

The reduction of CO₂ is only the tip of the iceberg when it comes to a sustainable policy. Since 2017, Smulders has been specifically committed to sustainability, initially by means of the CSR scan and later via the VOKA Charter for Sustainable Entrepreneurship.

In order to grow faster in the area of sustainability, Smulders appointed a first

sustainability ambassador at the end of 2018, and a second one in 2020. The ambassadors are the point of contact within Smulders for everything related to sustainability. They promote sustainability in all its facets, communicate progress and develop actions, whether or not based on the ideas of our own employees.

VOKA Charter Sustainable Entrepreneurship

Another route we are taking is that of the VOKA's Sustainable Entrepreneurship Charter. VOKA Sustainable Entrepreneurship Charter, abbreviated as VCDO, has been in place since 2016. With the VCDO, companies work, through a tailor-made action plan, towards managing their business in a way that is profitable both for the company and for people and the environment. VCDO uses the 17 Sustainable Development Goals (SDGs) of the United Nations Global Compact as a guide. With over 12,000 participating companies from more than 160 countries, including Eiffage, the UN Global Compact is the largest voluntary corporate responsibility initiative in the world.

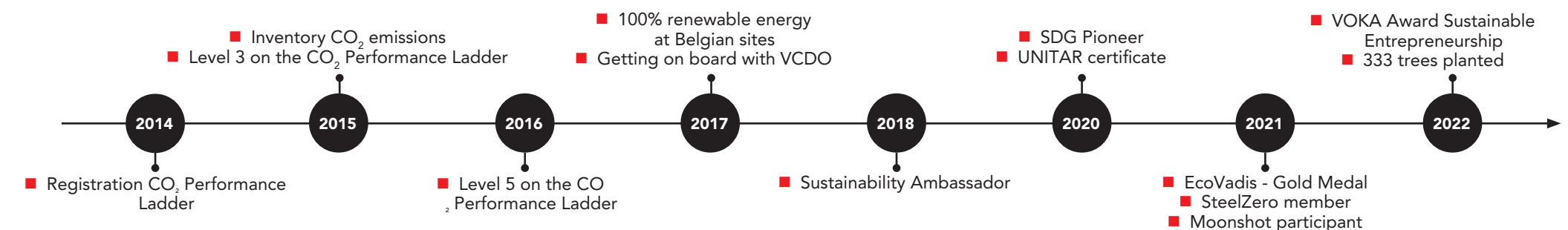
In 2020 Smulders was awarded SDG Pioneer by VOKA. This is the title you receive when you

become a VCDO laureate 3 times within a period of 5 years and requires 10 actions from the action plan to be positively evaluated in at least 4 out of the 5 Ps (People, Planet, Prosperity, Peace and Partnership). During this period, you will also implement actions with a positive impact within each of the 17 SDGs. In this context, Smulders received UNITAR certification from the United Nations in October 2020. In October 2022, we were chosen by an expert jury as the winner of the VOKA Sustainable Entrepreneurship Award.

EcoVadis

Our efforts in the field of Sustainable Entrepreneurship were rewarded with a gold EcoVadis medal.

This places us in the top 5% of the more than 85,000 companies worldwide that have been audited by EcoVadis. More than 600 multinational companies use the EcoVadis assessment to make purchasing decisions. In the petrochemical sector in particular, EcoVadis accreditation is becoming a minimum requirement to be allowed to execute projects.





THE FRAME OF REFERENCE

Dogger Bank A, B & C
277 transition pieces

Smulders makes conscious choices to create sustainable value in terms of the 5 Ps: People, Planet, Prosperity, Peace and Partnership. A strong interaction exists between these 5 factors and they also inspire each other. Two instruments are available to us in this context: the VOKA Charter for Sustainable Entrepreneurship and the CO₂ Performance Ladder. As not everything can be covered in detail, we will briefly summarise what Smulders understands by sustainable entrepreneurship.

On top of that, we also use the Sustainable Development Goals (SDGs). These are 17 sustainable development goals of the United Nations Global Compact that must be achieved by 2030. Just like Eiffage, Smulders uses this as a critical reflection framework, to pro-actively integrate sustainability into the policy.

How we deal with the combination of these 5 Ps and 17 SDGs is reflected in the diagram. Each SDG has been assigned to one of the 5 Ps.



People

End poverty and hunger in all forms and ensure dignity and equality.

Involvement

We try to create involvement and awareness about the topic of sustainability. Employees can turn to the sustainability ambassadors to present their sustainable ideas. Our sustainability ambassadors take care of communication, promotion of sustainability, communication on progress and setting up of actions. Do you have any ideas or suggestions for improvement related to sustainability and would you like to tell us? Then send them to:

sustainability@smulders.com

We like to put our employees in the spotlight. In our magazine Passion, we interview several colleagues about our projects, about their passion or other interesting topics.

Development opportunities

The focus within the Group is on its greatest asset: our employees. Training, coaching, communication, mutual understanding and personal growth should therefore be available to everyone.

In June 2022, the federal government reached an agreement on the Labour Deal that came into force on 1 September 2022. From now on, every employee will have an individual right to training. This will be at least 4 days in 2023 and 5 from 2024 onwards. Additionally, companies with at least 20 employees have to submit a training plan to the works council or union delegation every year. This plan should provide a list of

training courses and give due consideration to at-risk groups.

In addition to the compulsory training courses, employees also have the opportunity to request their own training, and within Smulders we encourage lifelong learning and attach importance to the careers of our employees.

Internal entrepreneurship is highly valued, and our employees are given the freedom to choose their own pathway.

Every year, various training courses are held within our organisation. The training can cover any of the following topics: safety, quality, personal skills...

For example, training in Observation Techniques is organised for management with practical exercises on the shop floor. The aim is to carry out these observations on a regular basis, and let the supervisor and management evaluate an operator and subsequently make a B-Safe tour of the department to look for positive and less positive findings. This training is part of the further development of the safety ladder.

Awareness Week

During our annual Awareness Week, we offer our employees the opportunity to attend various trainings. In the first place, the focus was obviously on safety, but a number of non-binding internal and external workshops were also organised, such as Mental Capital, Sustainability,

Ergonomics in the Workplace, etc. A short session was also held to inform our employees about our ethical values and principles.

All employees were also shown a daily video on safety and/or sustainability to further raise awareness.



Our workers were also given the opportunity to attend 'Ergonomics' training during Awareness Week.

YEP (Young Executive Program)

YEP is a mini-MBA in collaboration with Vlerick Business School and B&R. This training is attended by a number of middle management members aged 30 to 40 and with a seniority of \pm 10 years, with the aim of becoming a confident, agile leader.



The participants of the Young Executive Program

Leading as one

In 2021, we asked our employees about their satisfaction and well-being. The results showed that leadership and showing appreciation should be further encouraged. Therefore, we embarked on an intensive training programme with the board, senior management and project and production management to work on our leadership behaviours. Among other things, we focus on engagement, group collaboration and the motivation of others. With four groups of about 20 participants from the different branches, we will continue to follow different modules until the summer of 2023.

Into the wild

Young employees under the age of 30, with 3-5 years of seniority, were given the opportunity - for the first time in 2022 - to participate in a 4-day adventurous foreign expedition in wild nature: Into the Wild. To obtain a healthy mix, the selection took into account the position, branch and gender of the participants. During the expedition, they learned to discover and further develop their leadership qualities. A programme with lasting impact where close partnerships have been established.



Into the Wild took place in Lapland in 2022

Safety

Balen, Leknica and Newcastle without Lost Time Incidents

In 2022, Willems recorded another full year without lost time incidents. At our Leknica facility, they achieved as many as 1,400 days without lost time incidents.

The results also continue to be excellent in Newcastle. In June, employees were treated to a bowling and pool event to celebrate 730 days without any incidents. A barbecue in November celebrated the 900-day mark.

Compliments for the workshop

The Federal Public Service (FPS) Welfare visited 3x this year both in Arendonk and Balen. This led to constructive conversations with no negative comments. In Hoboken, there were 2 visits following incidents. Some comments were made about the spray halls. We are examining these in collaboration with external parties and they will then be resubmitted to the FPS.

Safety Culture Ladder level 4

Thanks to everyone's continued efforts, we were able to maintain level 4 on the safety culture ladder in 2022. This means that all efforts to develop an open culture and make (un)safe behaviour discussable have proved effective on the shop floor, in the offices and especially in our behaviour.

The safety culture ladder is a standard which provides insight into an organisation's safety awareness. It consists of 5 levels and each culture level is a development phase the company is in

at a particular time. Level 4 means that safety is a priority in our organisation, that we dare to call each other to account when it comes to safety and that we work continuously on improvements and awareness. We are now eagerly tackling the working points that we were advised to take on board. The observation rounds, for example, will be done according to a new template so that we focus on values and motivation rather than on tasks.

The most important thing is to 'call each other to account for unsafe behaviour or actions'. This ensures the best and most efficient way to avoid accidents. And that, after all, is what it is all about: 'going home in the same state we arrived in'.

Samurai supervisors

In Hoboken, our supervisors undergo special coaching on the topic of workplace safety. Despite the many steps we have already taken, it appears that in practice the focus is mainly on meeting the project deadlines, and it is also not always easy to correctly and respectfully talk to others about unsafe behaviour.

Sessions with management and immediate supervisors were set up to first of all find out what is actually needed from the management to meet the expectations.

In the following sessions, supervisors learn how to understand signals from operational staff and which method of addressing people works best to keep the motivation up and raise awareness. The shift to really putting everything into practice is supported and enhanced by practical training on the shop floor.

The result is visible and we proudly reflect on it in our company magazine Passion.



Charities

Make-A-Wish

By giving Easter eggs to our employees, Make-a-Wish can help sick children to dream and smile.

Twerk

In 2022, Sinterklaas again found lots of goodies at Twerk, a sheltered workshop that supports people with autism spectrum disorders with heart and soul.

Packed lunches 'Solidarity Day'

On 9 September, the 'Solidarity Day' took place again in Arendonk. Iemants has been supporting this initiative for several years. Employees had the opportunity to order packed lunches, half of which were paid for by our company. Around 70 colleagues ordered a packed lunch. All of the proceeds went to Vibo De Ring, Vibo De Brem and Mekanders.

ArmenTeKort

ArmenTeKort is a citizens' movement and action research project that wants to challenge the current generation to abolish poverty of opportunity together. They train buddies to provide the best possible support to an underprivileged fellow human being. Smulders offers financial support to this organisation.

This year, we reached the mark of 4,000 privileged citizens who came to hear the story of ArmenTeKort at an information session. Since the summer of 2022, more than 400 active buddy duos are on the road together in Antwerp. Current data show that 70-75% of opportunity-seeking buddies become stronger through the

buddy programme, with positive effects in a variety of life domains.

Thanks to the support provided by Smulders, Armen TeKort will continue to invest in the growth of the buddy programme in the Antwerp and Kempen region in 2023, while further promoting the case towards a more holistic approach to learning, living and job security.

Volunteer work "1000 Handen"

The 1000 Handen project is an organisation working to rebuild the Walloon village of Prayon after the July 2021 floods. On 17 February, several colleagues helped clean up the local wedding hall and gymnasium.



YOUCA

On 20 October, 15-year-old Juul came to Arendonk to work in the commercial department and drawing room in the context of Youca Action Day.



Entrepreneurs for Entrepreneurs (OVO)

This year Smulders again supported sustainable entrepreneurship in Africa together with Entrepreneurs for Entrepreneurs. One of the projects we contributed to is the Imani Academy. Imani Academy provides affordable quality education in the slums of Kampala, Uganda. New classrooms were built with the support from OVO.



Imani Academy in Kampala, Oeganda

Smulders Sports for Charity

In November, we introduced our new app to the company: Smulders Sports for Charity. It will be a digital sponsorship tour that connects all the Smulders branches. The 10,000 km-long trail starts at Smulders Projects UK in Newcastle and then goes via SLPE in London, the new branch in the Netherlands, Smulders Projects Belgium in Hoboken, Iemants in Arendonk and Willems in Balen to Fos-sur-Mer, the 3 Polish branches in Zary, Łeknica, Niemodlin and then to Angus' office in Bangalore.

The course can be completed through sports. The more we work out, the faster we complete the course. The further we get, the bigger the sum we will donate to charity. The app will be developed further and will be launched in April 2023.



Giving away Christmas gift

This year too, some 50 employees chose to donate the value of their Christmas gift to charity. All proceeds will go to VIBO and Welzijnsschakel.

Help for Ukraine

We have done everything we can over the past year to help as many Ukrainian refugees as possible. Just one day after war broke out, Smulders decided to provide a special UA support budget for Ukrainian colleagues through Spomasz. A special team was appointed to provide a permanent hotline for legal assistance, transportation of refugees, not limited to their own employees, shelter, charitable gifts and, finally, financial assistance to supplement both their own transportation and shelter. In the following months, Smulders continued to provide support to the workers and their families until the end of the year; this included on-site support when needed for training, medical care and the search for family members, including the possibility of direct employment. A total of about €170,000 in aid was provided, not forgetting the 30 or so employees and their direct commitment to help, especially in the early stages.

We organised bus transport to take 22 families to Poland. For those who used their own car or came by other means of transport, we covered travel expenses.

For these families, we arranged hotel stays in Zary, Niemodlin and Łeknica while they were waiting to find a place to stay.

In addition, Polish colleagues organised a collection drive and collected a lot of clothes,

toys and other necessary items. We also organised a collection campaign in our Belgian branches for electronics, dry food, hygiene products, etc. and transported some cars to Poland.

In June, we sent some cars to Ukraine to be used by an orphanage. Many children who had to flee from Ukraine meanwhile attend school here. A lot of difficulties had to be faced, including the language barrier. Smulders gives financial support to the local primary school which allowed them to employ a teacher from Ukraine to teach Dutch to the children.

Soup surpluses

During the winter months, our employees receive soup from a local company. The quantities delivered are monitored so that there is not too much soup. Surplus is never thrown away, but kept so that employees can take it home at the end of the day.

Team events

For years, a number of events have been taking place that employees have committed to, registered for or organised themselves. Colleagues motivate each other to sign up for these events. And that results in a larger group event involving many colleagues!



Planet

Protect the natural resources and climate of our planet for future generations.

Climate action - Based on 5 spearheads

We campaign for the climate from five different angles, which are covered in more detail in other sections:

- Purchase of steel & paint
- Transport & Installation
- Subcontractors
- Waste treatment & reduction
- Packaging

CO₂ management

Smulders is committed to ecological development. We inventorise CO₂ emissions and have an action plan to reduce them. More information can be found in the chapter “CO₂ Performance Ladder”.

Equipment gets new life

Smulders works on state-of-the-art steel constructions and we need advanced and modern machines for this. However, this does not mean that the ‘old’ equipment can no longer be used. We try to extend the lifespan of machines, vehicles, etc. that are still working.

New climbing frame

Some wooden beams were donated to Stevoort primary school. After sanding and varnishing, the children were thrilled to see their new climbing frame.

Efficient packages

For the South Fork project, we managed to drastically reduce the number of containers for transport. In consultation with the customer, we modified the design so that the initially envisaged number of 7 containers per set could be reduced to 2.

Picnic bench & trail

We don’t just throw away our steel waste; we use it for different purposes. For example, the steel waste from Dogger Bank A was used to make a picnic table for our employees to use at lunchtime.



A bridge made from our steel waste served as a challenging obstacle for the young participants in the Belgian Obstacle Course Racing Championship.

Ecological footprint

For our transports, we work with a logistics firm that is strongly committed to sustainability. They are trying to use vessels that run on biofuels, such as HVO, where possible. In this way, we saved 240 tonnes of CO₂ for Dogger Bank A and B.

In the future, we will not choose HVO by default for transports, given the lack of certification. We keep our eyes open for other alternatives, such as synthetic fuels.

For Dogger Bank B, only digital signatures were used for administration. This way, print work was reduced and we saved a lot of paper. Moreover, documentation does not get lost nor does it have to be physically moved to another department.

Living in water

Wind farms

More and more fish, crabs and lobsters live in the wind farms on our coast. Among other things, the population of plaice in wind farms off our coast is three times higher than 12 years ago.

The foundations of the wind turbines provide the suitable substrate for all kinds of marine organisms that massively attach themselves to the hard structures. They hide in the cavities of the foundations and feed there on mussels and anemones.

Further research should now determine whether there is effectively a link between the fish stock within and around the wind farms.

River Clean-up Day

Our colleagues at Smulders Projects UK in Newcastle took part in River Cleanup Day to once again clear the banks of the Tyne of litter. Together with all the volunteers, they collected several hundred kilos of waste from nature.

Living on land

Greening

As part of the greening of our sites this year, colleagues in Balen planted Portuguese laurel at the high-voltage cabins and next to production hall F. We also planted some fruit trees at the caretaker’s house. Hopefully, our employees will eventually be able to enjoy home-grown fresh fruit.

Planting trees

We have started to plant trees as a structural measure as part of compensation. Near Poppel, a connection between existing forests was planted in collaboration with Natuurpunt.

For €5,000, 333 trees were planted by Smulders employees. Over a period of 55 years, this will yield an uptake of 233 tonnes of CO₂, or 4.24 tonnes per year. 55 years is the time it takes for the forest to mature, with CO₂ uptake and emissions coming close to balance.



As this means that after 25 years we are still only compensating around 100 tonnes a year, we will have to step up our efforts in the coming years. The aim is to have a buffer to offset our residual emissions by 2035 from Near Zero to Net Zero.

Circular waste containers

In Balen, we recently started using circular waste containers provided by Afval Alternatief. These containers consist of up to 95% recycled granules. Waste bags are also converted to granulate to make the same product again.

New water coolers

This year, we switched to a more sustainable supplier for the water coolers. They work with recyclable cylinders and offer drinking bottles made of Tritan, a strong and lightweight material that is completely plastic-free. The refrigerant gases they use to cool the water are 70 times less polluting than traditional refrigerant gases.

Peace

Promote peaceful, just and inclusive societies.

Ethical business practices

Smulders’ continued growth and the start of the Asian and North American offshore wind market mean that we are confronted with some realities that we no longer even think about in Western Europe. These include corruption, poor working conditions and even child and forced labour.

In 2020, Smulders therefore drew up an Ethics Policy, which summarises what Smulders stands for, what customers, employees and subcontractors must comply with and where they can turn if something does go wrong. In doing so, we based ourselves on Eiffage’s policy and existing international conventions such as those of the International Labour Organisation.

During the aforementioned awareness week, all employees also had the opportunity to participate in an information session on our updated code of conduct - Ethics & Commitments.



Partnership

Implement the agenda through a solid global partnership.

Universities

Guest lectures

Every year, we give guest lectures on Offshore Wind Energy at the University of Antwerp about offshore wind technology and we stress the importance of sustainability. This training included topics on corporate sustainability, CO₂ emissions, the Smulders performance ladder and VCDO.

Fraunhofer Institut

We collaborated with the Fraunhofer Institut in Munich for a research report on fly rust. You will find fly rust on all our sites, just like at any other steel processing site. Fly rust is a cosmetic defect for which a cleaning campaign is put in place at the time of the final delivery of our products/projects to remove the brown spots. However, fly rust also appears on our TPs and jackets during transport and installation. This often makes customers think we deliver a finished product with a defect. Together with some external specialists, we have investigated the phenomenon of fly rust and were able to catalogue it as a cosmetic issue with no negative effect on corrosion protection.

The Fraunhofer Institut approved our final report. As a result, we can save on water and reduce the use of chemicals. Good for our nature!

VUB

We often support students in making their final paper. This year, for instance, we assisted a final-year business administration student from the VUB in preparing his final paper on the sustainable transition of companies in Belgium.

UGent/Howest - Local Grid

Our old local grid study was dusted off to be used for the Solar Carport project at a sports complex in Balen. We have designed carports with solar panels which will be installed in the car park of the sports complex. This complex is close to our site and, thanks to the amended legislation on direct lines, we can install a direct line between the two locations. The sports complex will be the primary energy consumer, but the remaining green power will be diverted to our facility.

Lidwina

Lidwina is a social enterprise from Mol that has long been deployed for repetitive production tasks and green space maintenance. So this year, they took care of the landscaping with an eye to biodiversity in our car parks.

Cooperation with customers and suppliers

We work together with several customers on sustainability. For example, we have regular meetings with Vattenfall on possible sustainability and environmental improvements. We also often

lecture at workshops and seminars.

- SteelZero – Ørsted
- International Paint
- Arcelor Mittal
- Camfil

Decarb Conference

In June, Decarb Connect organised a conference on decarbonisation to identify the roadmaps, technologies, financing and business models that will accelerate decarbonisation plans. For Smulders, Tim Balcaen participated in the conference as a guest speaker. In 2023, the event will take place in London and a delegation will visit our Hoboken site in June 2023.







Prosperity

Electrification of passenger transport

We recorded an increase in the number of employees coming to work by bike in 2022. For commuting, we will have cycled about 450,000 kilometres to and from one of the Belgian locations by 2022.

By not travelling these kilometres by car, we saved over 90 tonnes of CO₂.

These are the results of all our Belgian branches:

Arendonk		Hoboken		Balen	
					
236.945 km	189 werk-nemers	111.743 km	71 werk-nemers	110.872 km	85 werk-nemers

At the end of 2021, our new car policy came into force. Since 01 January 2022, our preference has been to buy full electric commercial vehicles where possible and true hybrid cars will only be approved in exceptional cases. Plug-in hybrids with emissions below 50g/km CO2 will only be purchased for employees who do not have the option to install a charging station.

The objective is that at least 90% of the cars purchased for passenger transport will be full electric. By 2026, our entire fleet of commercial vehicles should be replaced.

Approximately 40 cars were bought last year, of

which more than 90% were full electric and only slightly more than 5% hybrid. So we are putting our money where our mouth is.

In 2022, 22 double charging poles were installed in our car parks in Arendonk. More than 120 charging points will be added at all Belgian sites. Electricity consumption for charging electric commercial vehicles has since reached 13% in Arendonk, the site with the most commercial vehicles.

In a next phase, the switch to full electric Light Freight will be considered

Renovation of youth movement ‘chiro’ premises

Chiro Zwaneven from Oud-Turnhout was housed in very old worn-out premises and had been working on plans for a new building for some time. On a stormy day, a tree fell on the premises of the boys’ chiro, making them no longer usable. To bridge the period until the completion of the new building, Smulders provided an old site canteen that will serve as a room for the boys. For chiro Arendonk, we are currently conducting a feasibility study for the renovation/enlargement of the girls’ premises.

Local sponsorship

We co-sponsored the construction of 4 new padel courts at local tennis club TC De Lusthoven in Arendonk. Thanks to this sponsorship, our employees can use 3 padel courts weekly for free

for the next five years.

As always, our colleagues in Poland supported local initiatives and associations such as the children’s basketball and football teams in Zary and Niemodlin, a blood donation event and a local arts and culture association in Zary. On 18 June, they participated in a benefit at the Delta Stadium in Sieniawa Zarska to raise money for the rehabilitation of 12-year-old Olek. The boy was born with a brain injury and needs constant rehabilitation.



Wintrack III
130 high voltage pylons

CO₂ PERFORMANCE LADDER

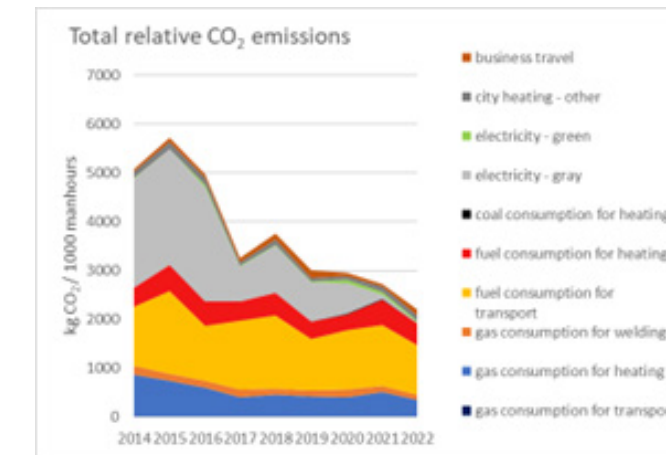
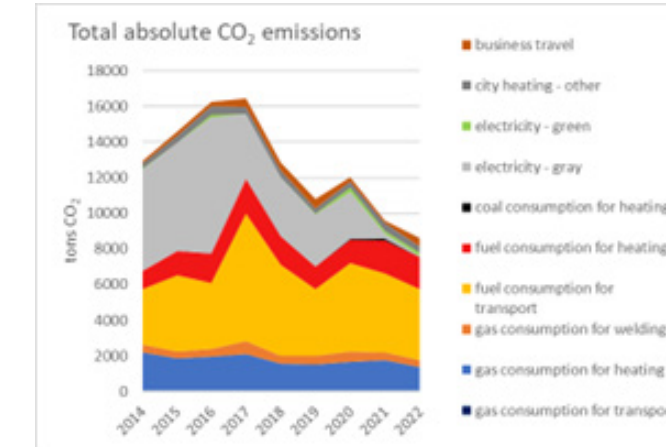
Smulders has been systematically working on reducing CO₂ emissions since 2015. And this applies both to ourselves and to the entire chain of raw materials and end products (Life Cycle Analysis, LCA). In the framework of the CO₂ Performance Ladder, numerous actions are defined and followed up.

Emissions review 2022

We see a further decline in CO₂ emission, both in absolute and relative values, due to several small interventions, at various sites. 2022 was not a year of spectacular events in terms of our emissions. Yet, we want to report on two positive events.

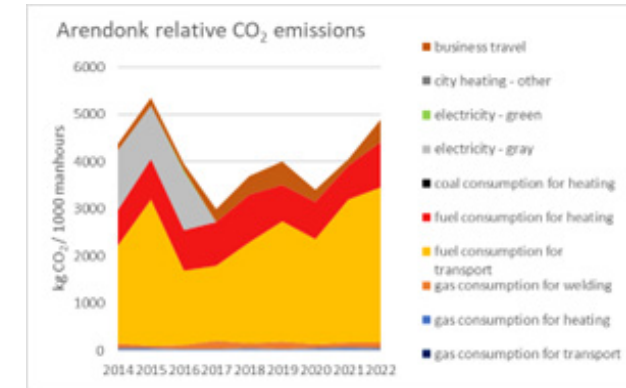
- Leknica in Poland is the latest site to switch to 100% green, local electricity. This still accounted for almost 3% of our total emissions in 2021. The entire Smulders group now uses green electricity for 99.75%. Adjacent to the Hoboken site, we rent an additional building for the maintenance department, which causes us to still consume 50MWh - or 0.25% - of grey power.
- Almost all company cars for passengers purchased in 2022 were full electric. Our overhead, i.e. our fleet, is growing steadily, while the fuel consumption for passenger transport remains stable. This should be going down even further in the coming years.

For the second year in a row, we remain below the threshold of 10,000 tonnes of total CO₂ emissions. As we expect the company to grow and we want to continue to meet the challenge, we will stick to the strictest requirements of the CO₂ Performance Ladder (level 5, +10,000 tonnes) for the time being.



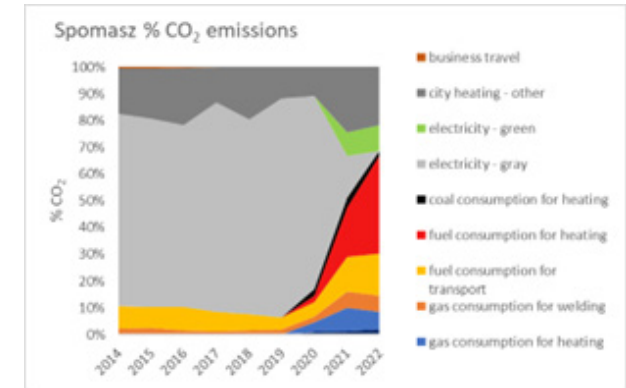
A few particularities

In **Arendonk**, we see a further increase in relative emissions (emissions per working hour).



- It was another good year for the yards. We see continued high levels of emissions in yards due to diesel generators and lifting equipment.
- Business transport has also increased sharply after two Covid years. Emissions have almost tripled.

Interesting things are also happening on the chart in **Spomasz**.



- On the one hand, we see the move to Niemodlin and coating as additional activity. We see this through the new sources of emissions of natural gas, fuel oil and coal.
- On the other hand, we see the switch to green power. This completely collapses grey electricity as a source, and green electricity appears with a much smaller share.
- With grey electricity disappearing over the last two years, all other emission sources explode in their percentage share of the overall consumption.

Scope 3 emissions

In addition to the SteelZero consultation platform in 2021 which focuses on steel with a small footprint, **Powering Net Zero Pact** was added in 2022. Drawn by SSE, this organisation aims to create a net-zero, sustainable energy sector.

The **Offshore Wind Foundation Alliance** has a broader scope and represents the general interests of the offshore wind foundation industry in Europe. One of those interests is, of course, promoting a sustainable offshore wind sector.

Just like for SteelZero or the Moonshot Project in recent years, in these organisations we help draft policies, set objectives and share knowledge in working groups.

We also have the internet platforms related to Sustainable Business. Through an online questionnaire, the company undergoes a remote audit. A score is derived from the results, which is shared with potential customers as part of their selection process. In 2022, for example, we published on the platforms **EvoVadis** and **Carbon Disclosure Project**.

Based on these audits new actions are set up for us to continue working on.



Energy Management Plan

Green electricity

As mentioned earlier, all our electricity contracts were 100% renewable and nationally produced in 2022. So we only settle for local CO₂ certificates. This is how we boost the renewable energy production capacity locally. We recently found out that waiting times are in place for industrial green power contracts in Belgium and the Netherlands. This means that the philosophy behind stimulating local demand does work!

Now that all contracts consist of renewable power, the focus is shifting to local production of green electricity. The Eneco wind turbine for the Arendonk site received final approval. Detailing of the project now follows, for delivery and installation in 2024-2025. More on solar panels under the next topic Plan Carbon Neutral 2035.

Plan CO₂ Neutral 2035

Our plan to be carbon-neutral by 2035 is evolving. Stakeholders are involved. The sites are doing their homework. The plan will consist of four major parts.

Onsite production

Research is under way at all sites to install solar panels or a wind turbine. Solar panels will be installed to the maximum, wherever the roof structure allows. For all sites together, around 8MW can be installed.



As mentioned earlier, a wind turbine of about 4MW will be installed in Arendonk. The use of wind turbines is also being explored for other sites.

Alternatives to rooftop solar power are also being considered. For example, our PV carport is being used in a design for a new car park in cooperation with the municipality of Balen. In this design, both the municipality of Balen and the Smulders site in Balen would be buyers of the green power. In addition, several quote requests for our PV carport are ongoing.

Transport

A survey was made of all fossil fuel-powered internal transport for all sites. The replacement of this rolling stock was worked out in several scenarios. In doing so, we assume current prices and various scenarios of price evolution in the future. In the best-case scenario, prices of electrified transport remain stable compared to current prices. Worst case, a very heavy premium is paid for products that are new and not yet 100% up to date.

Based on these scenarios, choices will be made to maximise electrification of our rolling stock towards 2035.

Heating

The same exercise is ongoing for fossil-fuel heating systems. While the search for rolling stock is uniform throughout the company, this search is very site-specific. For one location a heat network from the city or municipality may be available. Somewhere else, geothermal is the best solution.

The options for each site are now being mapped out. Based on this, scenarios with varying probabilities and costs will also be worked out.

Compensation

We have talked about the first structural forest planting action earlier. A problem with this kind of action is that we get no certificate or proof in return. In the future, we will have to work with a party that can provide such certification. Indeed, carbon footprinting is increasingly becoming an accounting exercise. And without a certificate, we cannot put the forest planting campaign on the books.

Another form of offsetting that we will keep an eye on is Carbon Capture. This does not refer to Direct Carbon Capture (on the chimney), but indirectly. Co₂ is filtered out of the air, which means it has to be stored one way or another. Storage underground (Carbon Capture and Storage) or use as feedstock for synthetic oil production.

In the longer term, and we hope by 2035, the target is to get the price of Carbon Capture close to the price of CO₂ certificates. This would mean the price of Carbon Capture is market-based, and therefore a valid alternative for obtaining such certificates.



Smulders

Hoge Mauw 200

2370 Arendonk - Belgium

T +32 14 672 281

info@smulders.com

sustainability@smulders.com

duurzaam@smulders.com

www.smulders.com