



# Financial compliance policy

## Introduction

Financial integrity is crucial in the day-to-day business of Damen and in all Damen's transactions. Damen expects its business partners to behave in a manner similar to the standard it expects of its employees.

In all of its transactions worldwide, Damen's policy is to conduct its business with integrity, honesty and fairness.

Damen keeps complete and accurate records of all of its business transactions and payments in accordance with its accounting principles and local laws. Records of all transactions and payments must be available for auditing purposes.

This Policy sets out Damen's procedures and guidelines on financial compliance in order to achieve transparency in accounting and in fiscal reporting.

As stated in our Code of Conduct Damen and its employees are prohibited from cooperating directly or indirectly in money-laundering, fraud and/or financing terrorism, or in any (in)action inducing these activities.

Furthermore, as stated in our whistleblower policy, employees are expected to report any suspected case of fraud, deception or relevant irregular conduct related to Damen activities.

This Policy applies, without exception, to all Damen companies, business partners and their employees worldwide.

This Policy will not address every situation you may encounter or provide answers to all questions with regard to financial compliance.

### Contact

If you have any questions or doubts as to this Policy or the scope of applicable laws in your day-to-day business, you are urged to contact your line manager or the Group Compliance Officer without delay.

## Contracts and invoices

Damen expects the business transactions in which it takes part to be governed by a written contract. A separate section within this policy offers guidance on Service Providers.

Invoices should be specified and in accordance with the contract. No payments will be made without a contract.

All invoices that have been authorized for payment will be paid by authorized staff. All invoices and payments must be registered and recorded.

Contracts should be authorized by staff with the appropriate power of attorney. Contracts with a value over EUR 15 million require Executive Board Approval.

## Record keeping (books and record requirements)

All business transactions and payments, either received or made by Damen, shall be accurately and completely recorded. This includes any information relating to a transaction and is not limited to the actual contract governing the business transaction. For example: minutes of meetings, product specifications and other financial information may also need to be recorded. The records should be regarded as a registration of or evidence for the business reason behind the transaction or payment.

It is Damen's policy to register such information, but its recording can also be compulsory due to (local) tax regulations or other legal requirements. Explicitly, employees are strictly forbidden from holding secret accounts and/or practicing illicit bookkeeping related to Damen business outside Damen's own company accounts. Equally, any attempt to distort, exaggerate or fabricate information recorded in Damen accounts through false entries is prohibited.

Furthermore, all financial transactions must be recorded in a timely and accurate manner. This requires employees to follow all applicable standards and laws with regard to accounting and financial reporting.

- No employee should establish an undisclosed account on behalf of the company for any purpose.
- All payments must be recorded in the appropriate ledgers in accordance with the company's accounting principles and all applicable local laws.

Apart from petty cash transactions, cash payments to third parties are not permitted; all payments should be made to a bank account designated in writing. A request by a contract partner to divert a payment to an entity or person without reasonable justification shall be rejected.

### Practical do's and don'ts

In particular, Damen employees are expected to:

- ensure that all (both received and paid) transactions are transparently and accurately recorded; act in line with all applicable laws and to keep up to date with relevant legislation in this regard;
- never make a false or artificial entry into books and/or records of Damen;
- cooperate with any internal or external audit requested by Damen.

## Services providers

Damen engages with Service Providers to assist in various topics, being; the assistance in market research, identifying potential customers, sales, services etcetera. Damen follows a strict procedure before engaging a Service Provider. Service Providers will only be used when their activities relating to Damen are governed by a written agreement. In line with this Financial Compliance Policy, Damen expects its appointed Service Provider to maintain transparent and accurate records. In those cases where concerns are raised about compliance with the Service Provider Agreement, Damen will seek access and can request for an audit to be performed.

### Due diligence

As set out in Damen's Anti-Bribery & Corruption Policy, agreements or contracts with Service Providers include anti-bribery, right to audit and termination clauses. Damen performs periodic risk-based due diligence on its portfolio of Service Providers, as well as on potential new Service Providers.

In this regard, Damen identifies the ultimate beneficiary owner(s) and must at least ascertain: the name of the company, its status and legal form, evidence of its incorporation, constitutional documents, its executives, and the address of its registered office. Damen subsequently performs enhanced screening on all Service Providers before engaging.

Damen documents why the Service Provider was chosen (e.g. instead of competitors), how the Service Provider's remuneration was negotiated, why the particular remuneration seems a proper and reasonable business choice for Damen, what activities and services Damen expects the Service Provider to perform, in case these are more detailed than already specified in the contract (see below) and how onerous the Service Provider's task appears.

Furthermore, these tasks should be in accordance with the underlying contract. Compliance with the contract can be assessed, for instance by periodic performance updates (if applicable incl. time sheets and expense reports) or by evidence of milestones/progress towards reaching certain defined specific targets, as well as by meeting notes, e-mails, and other relevant documents.

➤ Reference is made to the Service Provider Procedure.

### Contracts and invoices

The contract between Damen and a Service Provider must be based on the model Service Provider Agreement (SPA) and is subject to approval from the Finance Director and the Group Compliance Officer. All SPA's shall be centrally archived with the Compliance department.

The contract should specify stage payments in accordance with the project progress and the bank account to which the payments will be made. The remuneration shall not exceed the thresholds specified in the Service Provider Agreement procedure without approval from the Finance Director and Group Compliance. Non local bank accounts should be approved by the Finance Director and the Group Compliance Officer.

Contracts that entail obligations over EUR 25.000 under a SPA require approval from Compliance. Commitments from a SPA in relation to contracts with a value over EUR 15 million requires Executive Board approval.

Payments to Service Providers should in all cases be based on invoices received that have been specified in accordance with the contract. All invoices from Service Providers are subject to approval from Compliance. Cash payments are not allowed. Any expenses such as costs for travel will only be reimbursed when approved in advance and supported by records.

## Daily allowance

A daily allowance is a contractually obliged payment, to cover (additional) living expenses (expected to be) incurred (as a result of staying away from home). Providing daily allowance to representatives of a customer can be legitimate in case they strictly comply with the following criteria:

- **Initiated by the customer**  
Avoiding the risk of (apparent) influencing of business decisions, the daily allowance can only be provided if initiated by the customer and concluded in a contract.
- **Reasonable**  
The daily allowance must reflect a reasonable amount, in relation to the living expenses.
- **Bonafide**  
A genuine allowance for the costs incurred for staying at a location away from home for business reasons, at the request of a customer concluded in a contract.
- **Business relation**  
Directly related to the promotion, demonstration or explanation of products or services or to the execution or performance of a contract with a customer or supplier.
- **Contract approval**  
Approved by the Group Compliance Officer in writing, before contract award.

## Audits

Implementation of and compliance with financial standards and laws may be subject to internal and external audits.

## Glossary

For your reference, this section provides you with a brief definition of the most relevant terms.

### **Services provider**

A company acting on behalf of another (called the principal), such as by executing a transaction or selling a product.

### **Audit**

An unbiased examination and verification of (financial) accounts and records of a person or business.

### **Due diligence**

The research and analysis of a person or business.

### **Due invoice**

A document issued by the seller that itemizes a transaction between a buyer and the seller.

### **Requisition**

A formal written request requiring something to be done, e.g. the ordering of materials.



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