

built on trust™

Environment report 2023

VARD

VISION ZERO

VARD[™]
a Fincantieri company



ZERO INJURIES TO PEOPLE



ZERO ACCIDENTS





ZERO LOST TIME INJURIES





ZERO UNPLANNED INCIDENTS



ZERO UNINTENTIONAL DAMAGE
TO THE ENVIRONMENT



ZERO VIOLATIONS OF
HUMAN RIGHTS

HEALTH AND SAFETY

Focus on health and safety



At VARD, we strive to foster a sustainable and responsible business that adheres to the highest levels of safety and corporate governance, to protect the welfare of our stakeholders, including our employees, customers, shareholders, partners, suppliers and subcontractors, as well as the local communities which we operate in globally.

VARD's commitment towards building a sustainable and responsible practice remains steadfast and is reflected in our three core values namely Craftsmanship, Fellowship and Salesmanship.

Active approach towards HSE

Development since 2022

Safety observation reporting increased 12.1%

Frequency rate of Lost Time Injuries recorded at 3.1

Sick leave decreased 4.5% to the rate 4.2%

Work availability increased 4.2%, recorded at 95.8%

Health, Safety and Environment (HSE) initiatives remain at the forefront of VARD's business, and the company proactively keeps up-to-date with international best practices to ensure the safety of its global workforce.

Through "Vision Zero", we aim to avoid any harm to both our people and the environment. VARD's HSE training emphasizes the importance of work according to our safety rules and using the right protective gear at all times. Our safety culture encourage employees to feel comfortable enough to report of all types incidents so the organization can focus on learning from mistakes and keep the focus on the lesson learned, and not on possible human factor.

We continue to comply with strict key performance indicators (KPIs) relating to safety across all our shipyards, and benchmark and adopt best practices in terms of HSE work with our parent company, Fincantieri.

The frequency rate of Lost Time Injuries (LTI), of which was recorded at a rate of 3.1 for 2023, has increased due to one particular incident, and still is considered low compared to the industry.

The overall sick leave was recorded to 4.2%, reflecting the positive trend after the end of the Covid-19 pandemic and better than general levels for the maritime industry (5.4%).

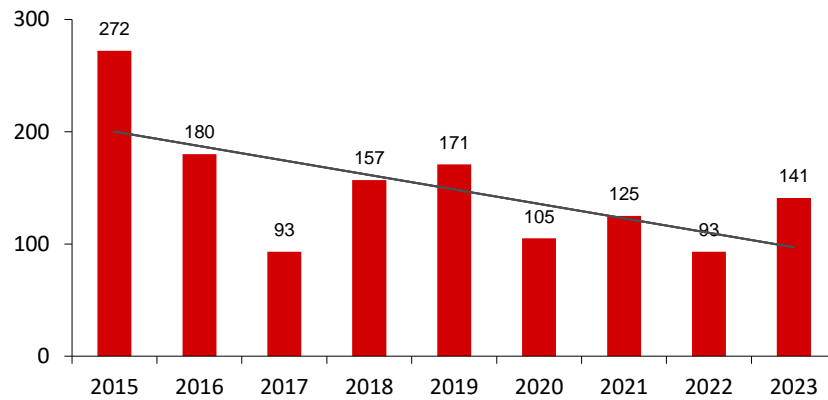
We continue our efforts to handle sick leave individually at an early stage, and with a preventive approach. This includes the flexibility to adjust the employee's work intensity and scope of work, adapting the work situation accordingly in order to avoid any long-term sick leave, as well as healthy initiatives.

For graphics see next pages >>

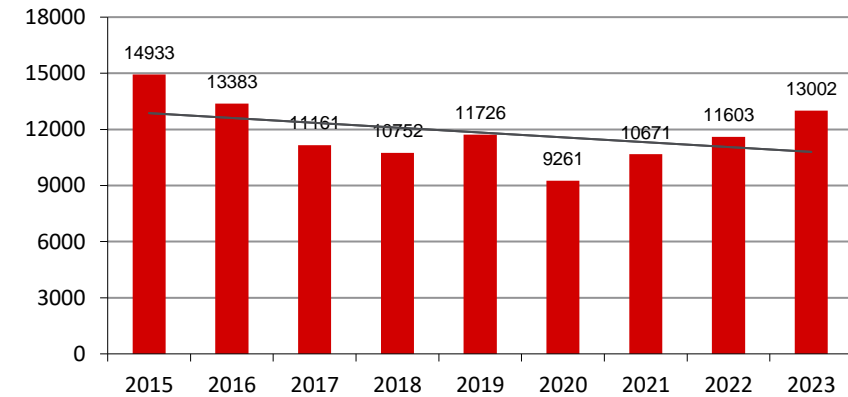
Accidents and safety observations

- Number of accidents increased, but still with a positive trend
- Number of safety observations presenting an increased trend

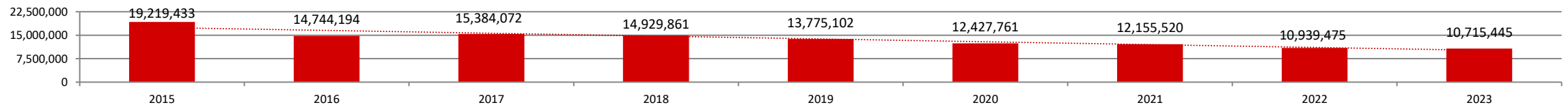
Accidents



Safety observations



Worked Hours

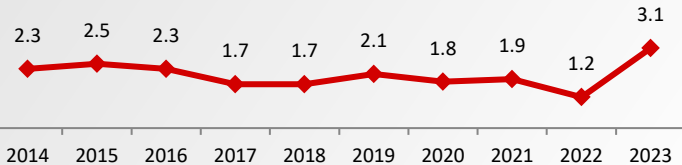


Injuries and Absence

LTI: 3.1

LTI-rate (Lost Time Injuries)*

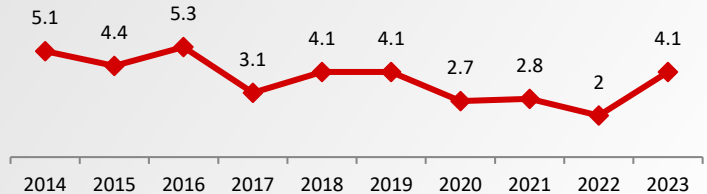
LTI = unfitness for work and absence beyond the day of the accident



TRI: 4.1

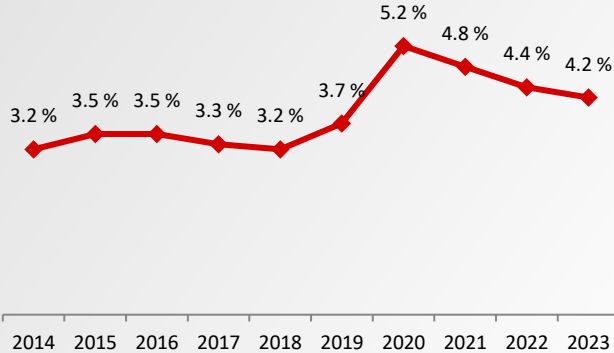
TRI-rate (Total Recorded Injuries)*

TRI = Lost Time Injury + Medical Treatment Case + Restricted Work Case



Sick Leave: 4.2%

Sick Leave %



* Per 1 000 000 hours
Environment report 2023

ETHICS AND SOCIAL RESPONSIBILITY

Aligned with international standards

The background image shows three workers in red VARD uniforms and white hard hats walking away from the camera through a large industrial shipyard. The workers are wearing red jackets and pants with reflective white stripes. The shipyard is filled with various pieces of machinery, including yellow overhead cranes and blue structural beams. The lighting is bright, typical of an industrial interior.

- VARD complies with two international standards of ethics and social responsibility.
- The SA 8000 standard (Social Accountability) is based on principles established in international documents such as, among others, the Conventions of ILO (International Labor Organization) and the Universal Declaration of Human Rights, which are particularly relevant in emerging markets.
- Compliance with ISO 45001 (Occupational Health and Safety Assessment Series) demonstrates VARD's commitment to guarantee health and safety at work.
- The shipyard in Vietnam is both SA 8000 and ISO 45001 certified, while the two shipyards in Romania, the three Norwegian yards and the subsidiary Vard Electro are ISO 45001 certified.

ENVIRONMENT

Environmental focus



- With an added emphasis placed on waste management, noise abatement, emission reduction and the construction of eco-friendly vessels, VARD continually strives to tighten policies and improve procedures to minimize the environmental impact.
- The shipyards in Norway, Romania and Vietnam, in addition to the subsidiaries Vard Electro and Seonics are ISO 14001 certified, and the company's environmental objectives, which focus on greener production methods, are in line with VARD strategy.
- VARD promotes an open dialogue on environmental issues with employees, authorities, local communities and other stakeholders in addition to conducting regular and routine inspections.
- VARD is also contributing to and included in a comprehensive Sustainability Report* for Fincantieri.

* <https://www.fincantieri.com/en/sustainability/>
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Environmental Initiatives

The Sustainable Ocean Principles*

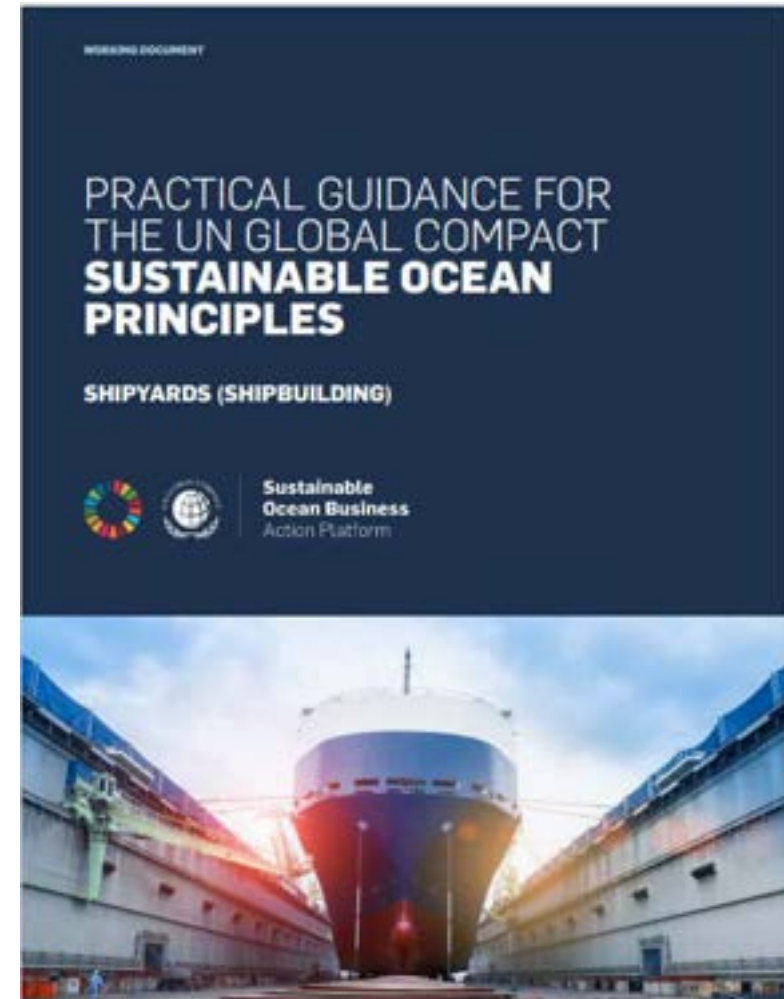
Aiming at promoting the well-being of the ocean for current and future generations, and to emphasize the shared responsibility of businesses to take necessary actions to secure a healthy and productive ocean. Companies signing on to the Sustainable Ocean Principles commit to assess their impact on the ocean and integrate them into their overall strategy.

The Practical Guidances

The guidances complement and operationalize the UN Global Compact Sustainable Ocean Principles for specific industry sectors. For each principle, the guidances provide a set of actions which can be implemented, exemplified by inspirational good practices.

VARD, as part of the Consultative Group, has described some of its good practices in this document.

* [UN-Global-Compact-Sustainable-Ocean-Principles-Shipyards.pdf \(ungc-communications-assets.s3.amazonaws.com\)](https://ungc-communications-assets.s3.amazonaws.com/UN-Global-Compact-Sustainable-Ocean-Principles-Shipyards.pdf)



Protecting the environment

89% waste recycling in Vard Group

Accomplished ISO 14001 certification
(Vard Group and Vard Electro)

Established environmental objectives in line with company` strategy

Protecting the environment is a key focus at VARD. With six of its shipyards and two subsidiaries certified under ISO 14001, VARD continues to explore new ways to improve on its current practices to minimize the impact of its operations on the environment, particularly with regards to waste management, noise abatement, emissions reduction and the construction of eco-friendly ships.

For over 10 years, when a comprehensive waste management framework was established, we have come a long way. VARD continues to register improvements year-on-year, with the amount of waste being recycled of 89% in 2023.

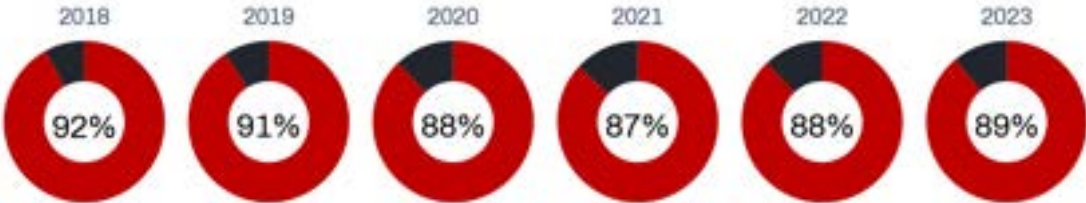
In close cooperation with the environmental authorities, VARD finalized the clean up of polluted soil from its onshore premises.

Being a member of the Confederation of Norwegian Enterprises' NOx-Fund, whose primary objective is to reduce nitrogen oxide (NOx) emission, VARD continues to explore new initiatives to reduce emissions.

VARD will strive for a zero-emission ambition and set targets with minimum 10% yearly improvements measured against the baseline established in 2023.

The Group's investment in shore power systems on the majority of our Norwegian yards contributes to reduce exhaust emissions during new build ship commissioning.

Other initiatives are installation of charging stations for electric vehicles at some of the premises, as well as replacement of conventional illumination to LED, and increase of electrical vehicle in its car fleet.

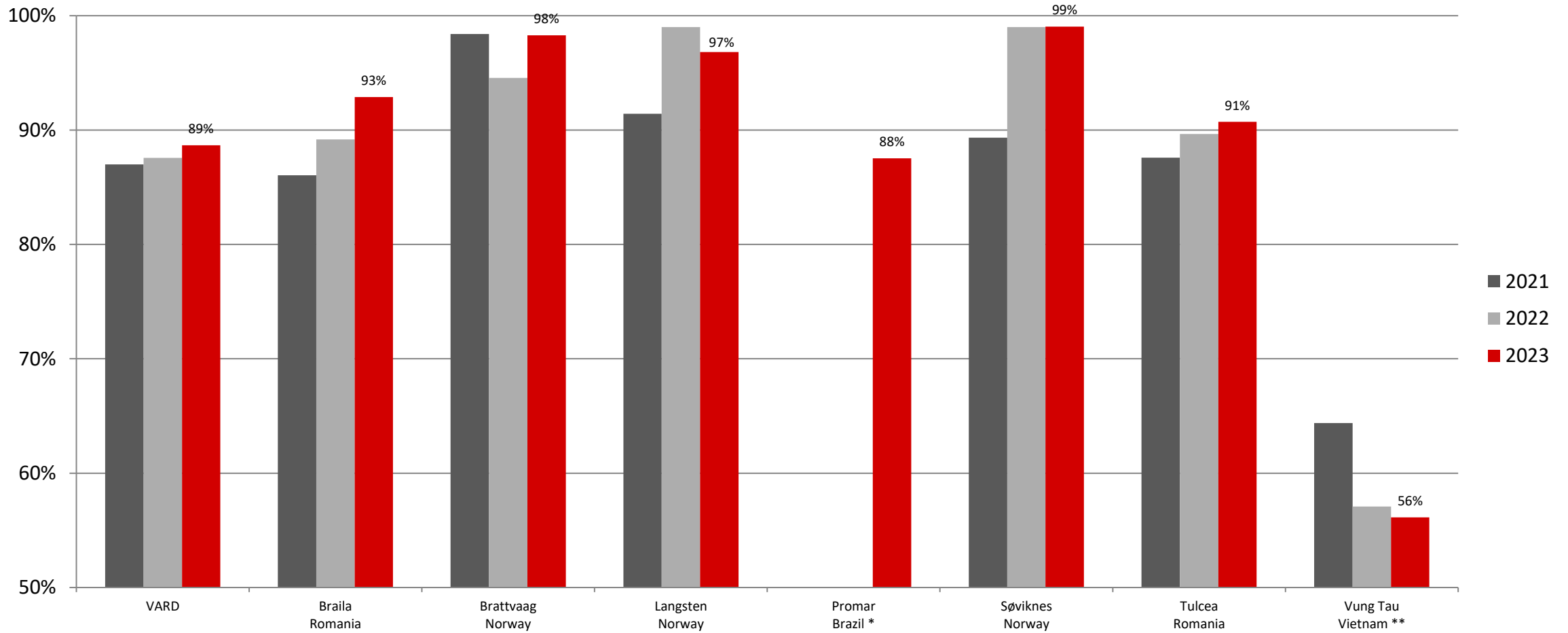


Our approach

As part of our proactive HSE initiatives to achieve Vision Zero, we continue to further develop our robust set of guidelines and principles for our operations:

- ISO 14001 certified locations following best environmental practices
- Operating according to the best practices of the SA 8000 standard for social accountability and achieving ISO 45001 certification for the the Norwegian yards and one Norwegian subsidiary in addition to the Romanian and Vietnamese shipyards.
- Having a robust code of conduct, Ethical Guidelines, reporting channels, Whistle Blowing Policy, continuing the process of implementing the corporate values for both employees, subcontractors and other stakeholders.
- Continuously developing the Vard Management System, which governs our sustainability and social responsibility.
- Suppliers chosen by VARD shall share our values related to fundamental human rights and the requirements in ILO's core conventions as stated in our Supplier Declaration, as well as the Transparency Act, where applicable.
- Use of our HSE films and training courses, focusing on protective gear and best practices to reduce long-term health impacts.
- Consistent HSE assessment and reporting.
- Active promotion and participation in open dialogues with key stakeholders and use the feedback to improve our practices.

Waste recycling ratio



* No figures available for 2021 and 2022

** Residual waste treated as landfill in this country

Environmental accounts

In the following pages we will present the detailed environmental accounts for each yard.

Waste recycling ratio

The shipyards' ability to sort their waste and deliver it for recycling is presented as a recycling percentage. The ratio shows how much of the total amount of waste has been recycled.

Waste management

Certified waste disposal companies collect recycled waste fractions from our yards. Various types of metals - e.g. steel and aluminium - account for the main bulk of waste sent for recycling. Other recycled waste fractions include hazardous materials as EE waste, fluorescent tubes, wood, paint residues, oil-based waste, batteries, waste oil, plastic, food waste, paper and cardboard.

The waste disposal companies' refuse incineration plants, generate electricity and heat from waste not recycled to new materials.

Hazardous waste

Shows the total consumption of hazardous materials as batteries, cooling liquid, EE waste, illuminating rods, oily waste, spray cans and other hazardous waste.

Freshwater

Shows the total consumption of freshwater used in the office buildings and the production facilities. The consumption is dependent on projects, since a certain amount of water is used in testing of various systems on board the vessels.

Ballast water

With respect of the environment, we keep track of the amount of foreign ballast water we import from foreign seas, and discharge outside our yards. For the Norwegian yards, this is basically the ballast water carried in the hulls towed from Braila and Tulcea. The fresh water in Tulcea and Braila is provided by the public water supply.

From an environmental point of view, it is better to use fresh water for this purpose. It has been documented that fresh water organisms do not survive when they are flushed out into the sea.

Environmental accounts

In the following pages we will present the detailed environmental accounts for each yard.

Electricity

Includes the total electricity consumed at the yards' facilities (office buildings, workshops and machinery) and for the pumps, tools, ventilation, lighting and heating used on the vessels during the outfitting period.

Solvents

Shows the amount of solvents used during production, e.g. in connection with the consumption of paint. The solvents in paint are released into the air when the paint dries. We are continuously looking for paint systems with less solvent emission.

Diesel oil for vehicles and heating in buildings

A few of our yards have production workshops which are heated by oil fired systems. This explains the variation in the consumption rates for heating in buildings. Diesel is also used to power forklifts and various vehicles and machines.

Fuel oil

During outfitting, the vessels use fuel oil in connection to commissioning, testing and conduction of sea trials. Ships equipped with a catalyser use urea in addition to fuel, which reduces NOx emissions. The amount of fuel oil consumed will vary from yard to yard as a direct result of number and types of vessels built annually.

Emissions to air

Our yards use an assortment of fossil fuels for powering vessels and vehicles, as well as for heating, etc., thus releasing a certain amount of pollution into the air. Our Synergi software calculates emissions of CO2, NOx, SOx and PM (particulate matter) related to these activities.

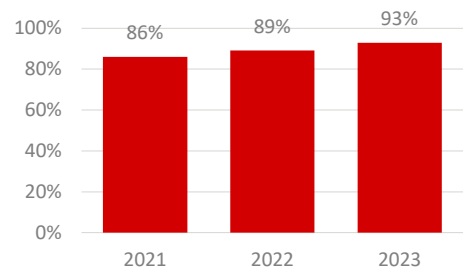
Vard Braila



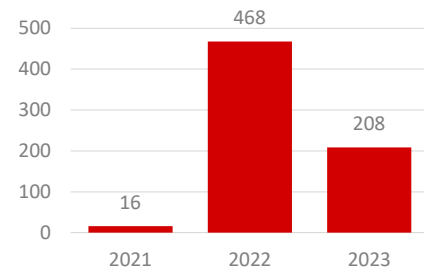
Romania | Established: 1940 | Total yard area: 500 000 m² | Employees: 1 345

Vard Braila

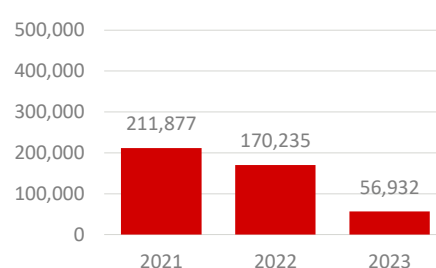
Waste recycling ratio %



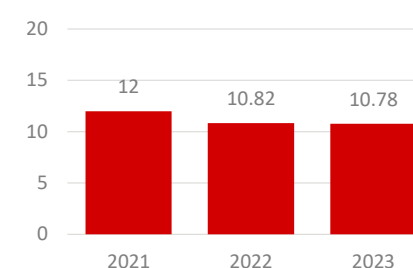
Hazardous waste (tons)



Freshwater (m³)



Electricity (GWh)



2023

Energy used		Emissions to air		Waste recycled	
Electricity	10.78 GWh	CO ₂	984 t	Metal	4 542 t
		NO _x	5 738 t	Wood	120 t
Freshwater used		SO _x	48 t	Paper/ plastic	39 t
Freshwater	56 932 m ³	PM	252 t	Sand from sandblasting	2 576 t
				Recycled waste total	7 481 t
Chemicals used				Waste not recycled	
Solvents	84 015 l			Waste to landfill site	573 t
Diesel	52 493 l				
Fuel oil vessels	90 563 l				

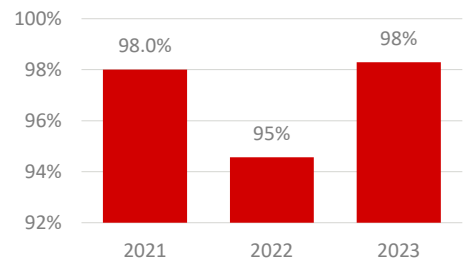
Vard Brattvaag



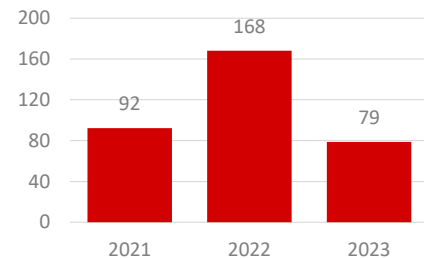
Norway | Established: 1950 | Total yard area: 20 500 m² | Employees: 103

Vard Brattvaag

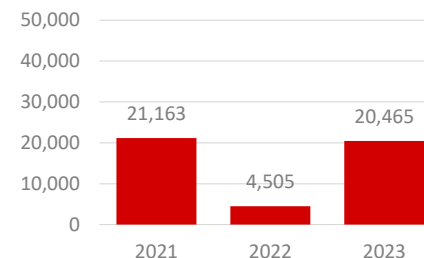
Waste recycling ratio %



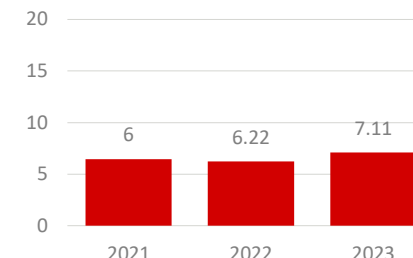
Hazardous waste (tons)



Freshwater (m³)



Electricity (GWh)



2023

Energy used		Emissions to air		Waste recycled	
Electricity	7.11 GWh	CO ₂	843 t	Metal	247 t
		NO _x	13 t	Wood	162 t
Freshwater used		SO _x	0.120 t	Paper/ plastic	29 t
Freshwater	20 465 m ³	PM	0.56 t	Sand from sandblasting	15 t
				Recycled waste total	773 t
Chemicals used					
Solvents	472 l			Waste not recycled	
Diesel	13 090 l			Waste to landfill site	13 t
Fuel oil vessels	290 000 l				

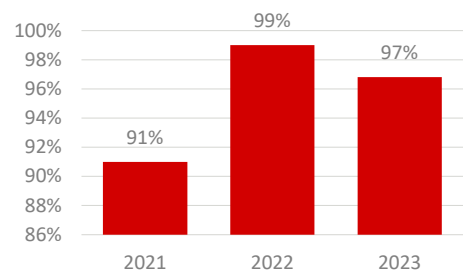
Vard Langsten



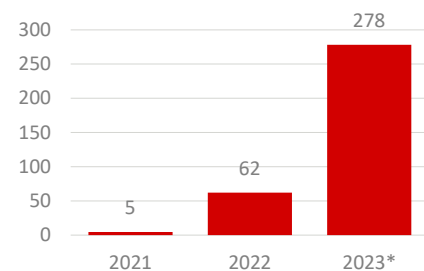
Norway | Established: 1945 | Total yard area: 33 700 m² | Employees: 170

Vard Langsten

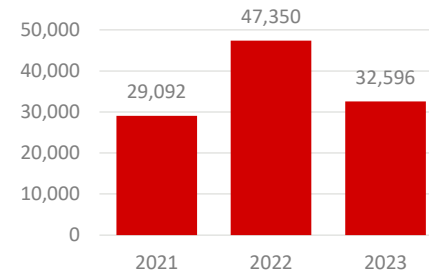
Waste recycling ratio %



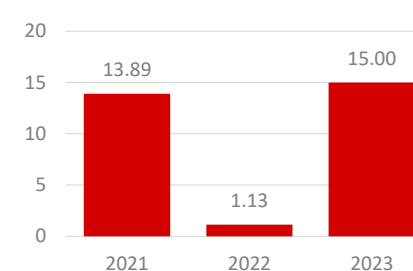
Hazardous waste (tons)



Freshwater (m³)



Electricity (GWh)



2023

Energy used		Emissions to air		Waste recycled	
Electricity	15 GWh	CO ₂	5 247 t	Metal	382 t
		NO _x	49 t	Wood	146 t
		SO _x	0.66 t	Paper/ plastic	25 t
Freshwater used		PM	3.48 t	Sand from sandblasting	35 t
Freshwater	32 596 m ³			Recycled waste total	1 569 t
Chemicals used					
Solvents	93 657 l			Waste not recycled	
Diesel	58 426 l			Waste to landfill site	52 t
Fuel oil vessels	1 912 096 l				

* High volume of sludge from ship repair projects

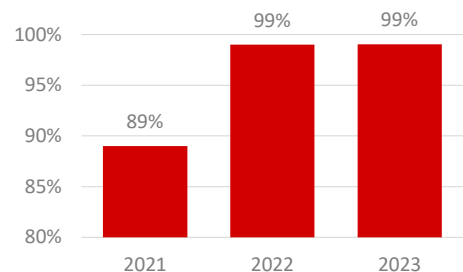
Vard Søviknes



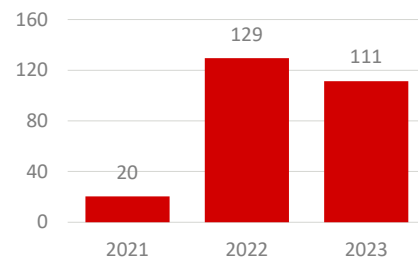
Norway | Established: 1936/1946 | Total yard area: 57 000 m² | Employees: 135

Vard Søviknes

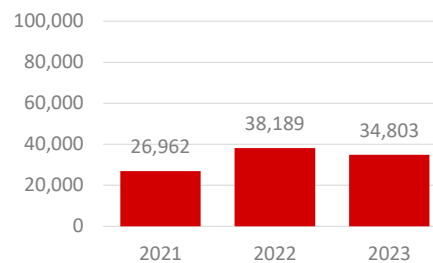
Waste recycling ratio %



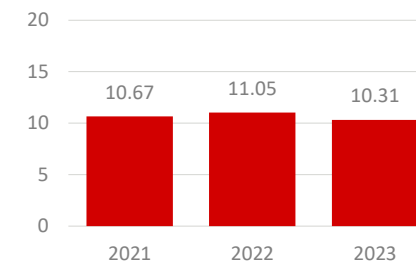
Hazardous waste (tons)



Freshwater (m³)



Electricity (GWh)



2023

Energy used		Emissions to air		Waste recycled	
Electricity	10.31 GWh	CO ₂	221 t	Metal	347 t
		NO _x	2.93 t	Wood	84 t
Freshwater used		SO _x	0.03 t	Paper/ plastic	6 t
Freshwater	34 803 m ³	PM	0.15 t	Sand from sandblasting	22 t
				Recycled waste total	1 900 t
Chemicals used				Waste not recycled	
Solvents	13 580 l			Waste to landfill site	18 t
Diesel	23 501 l				
Fuel oil vessels	59 500 l				

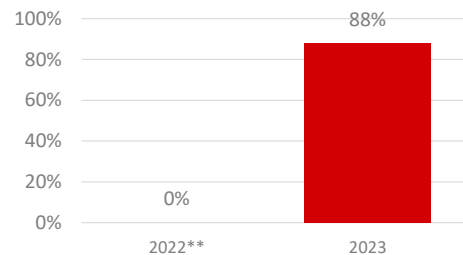
Vard Promar



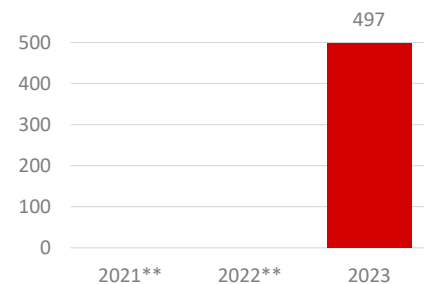
Brazil | Established: 2011 | Total yard area: 250 000 m² | Employees: 221

Vard Promar

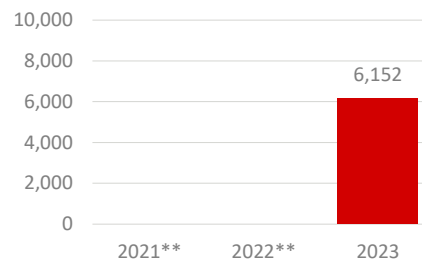
Waste recycling ratio %



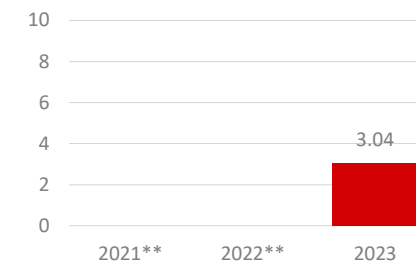
Hazardous waste (tons)



Freshwater (m³)



Electricity (GWh)



2023

Energy used		Emissions to air		Waste recycled	
Electricity	3.04 GWh	CO ₂	190 t	Metal	196 t
		NO _x	0.52 t	Wood	0 t
Freshwater used		SO _x	0.02 t	Paper/ plastic	0 t
Freshwater	6 152 m ³	PM	0.08 t	Sand from sandblasting	0 t
				Recycled waste total	854 t
Chemicals used				Waste not recycled	
Solvents	0 l			Waste to landfill site	118 t
Diesel	46 136 l				
Fuel oil vessels	0 l				

** No reported figures

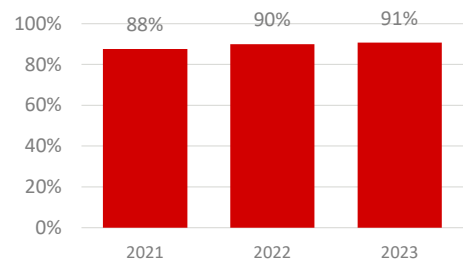
Vard Tulcea

An aerial photograph of the Vard Tulcea shipyard. The central focus is a large, long industrial building with a grey, corrugated metal roof. To the left, a river flows through the facility, with several blue cranes positioned along its banks. A large red and white ship is docked in the water. The surrounding area includes parking lots filled with cars, smaller industrial structures, and a residential neighborhood in the background. The sky is clear and blue.

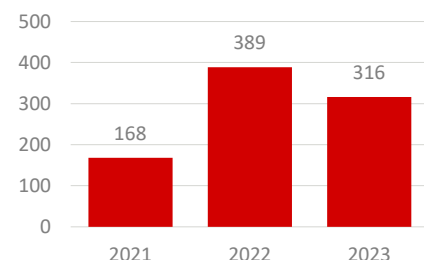
Romania | Established: 1975 | Total yard area: 750 000 m² | Employees: 2 512

Vard Tulcea

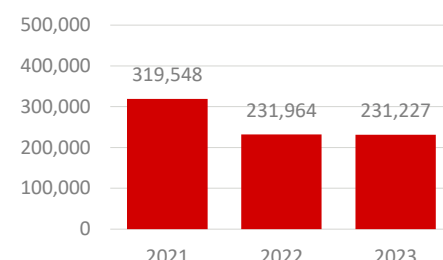
Waste recycling ratio %



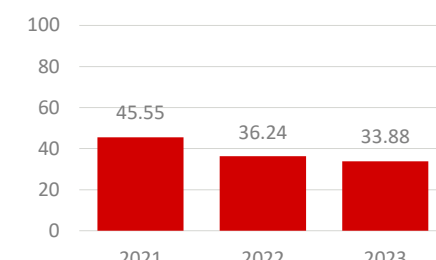
Hazardous waste (tons)



Freshwater (m³)



Electricity (GWh)



2023

Energy used		Emissions to air		Waste recycled	
Electricity	33.88 GWh	CO ₂	3 152 t	Metal	13 079 t
		NO _x	9.19 t	Wood	621 t
Freshwater used		SO _x	0.10 t	Paper/ plastic	131 t
Freshwater	231 227 m ³	PM	0.54 t	Sand from sandblasting	2 336 t
				Recycled waste total	16 465 t
Chemicals used				Waste not recycled	
Solvents	209 148 l			Waste to landfill site	1 685 t
Diesel	255 041 l				
Fuel oil vessels	51 509 l				

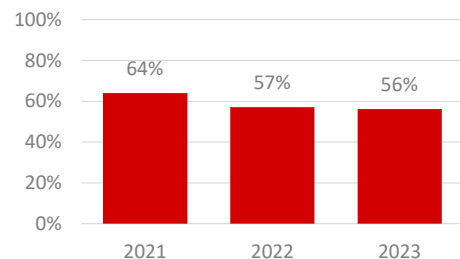
Vard Vung Tau



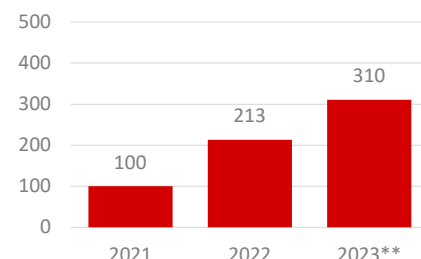
Vietnam | Established: 2007 | Total yard area: 116 000 m² | Employees: 1 136

Vard Vung Tau

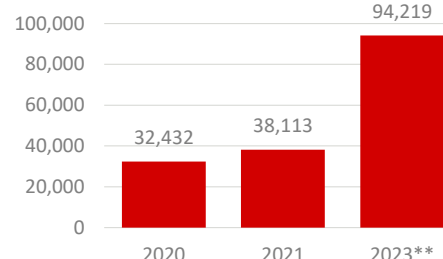
Waste recycling ratio %*



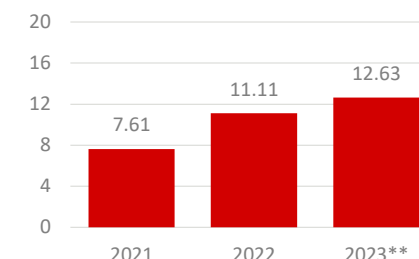
Hazardous waste (tons)



Freshwater (m³)



Electricity (GWh)



2023

Energy used		Emissions to air		Waste recycled	
Electricity	12.63 GWh	CO ₂	10 319 t	Metal	1 200 t
		NO _x	100 t	Wood	362 t
Freshwater used		SO _x	1.28 t	Paper/ plastic	36 t
Freshwater	94 219 m ³	PM	6.70 t	Sand from sandblasting	0 t
				Recycled waste total	1 997 t
Chemicals used				Waste not recycled	
Solvents	189 205 l			Waste to landfill site	1 561 t
Diesel	338 876 l				
Fuel oil vessels	3 456 985 l				

* Residual waste treated as landfill in this country

** Increased production and expansion of yard facilities

Overview

Resources used	Braila	Brattvaag	Langsten	Promar	Søviknes	Tulcea	Vung Tau
Electricity	10.78 GWh	7.11 GWh	15 GWh	3.04 GWh	10.31 GWh	33.88 GWh	12.63 GWh
Freshwater	56 932 m ³	20 465 m ³	32 596 m ³	6 152 m ³	34 803 m ³	231 227 m ³	94 219 m ³
Solvents	84 015 l	472 l	93 657 l	0 l	13 580 l	209 148 l	189 205 l
Diesel, heating/ vehicles	52 493 l	13 090 l	58 426 l	46 136 l	23 501 l	255 041 l	338 876 l
Fuel oil vessels	90 563 l	290 000 l	1 912 096 l	0 l	59 500 l	51 509 l	3 456 985 l
Emissions to air							
CO ₂	984 t	843 t	5 247 t	190 t	221 t	3 152 t	10 319 t
NO _x	5 738 t	13 t	49 t	0.52 t	2.93 t	9.19 t	100 t
SO _x	48 t	0.12 t	0.66 t	0.02 t	0.03 t	0.10 t	1.28 t
PM	252 t	0.56 t	3.48 t	0.08 t	0.15 t	0.54 t	6.70 t
Waste recycled							
Metal	4 542 t	247 t	382 t	196 t	347 t	13 079 t	1 200 t
Wood	120 t	162 t	146 t	0 t	84 t	621 t	362 t
Paper and plastics	39 t	29 t	25 t	0 t	6 t	131 t	36 t
Sand from sandblasting	2 576 t	15 t	35 t	0 t	22 t	2 336 t	0 t
Recycled waste total	7 481 t	773 t	1 569 t	854 t	1 900 t	16 465 t	1 997 t
Waste not recycled							
Waste to landfill site	573 t	13 t	52 t	118 t	18 t	1 685 t	1 561 t
Waste recycling ratio							
	93 %	98 %	97 %	88%	99 %	91 %	56 %



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Thank you for your attention