

Vard Group's focus on human rights and decent working conditions

Description of Vard Group

Vard Group is a major global shipbuilder, designing and constructing offshore and specialized vessels, owned by Fincantieri S.p.A.

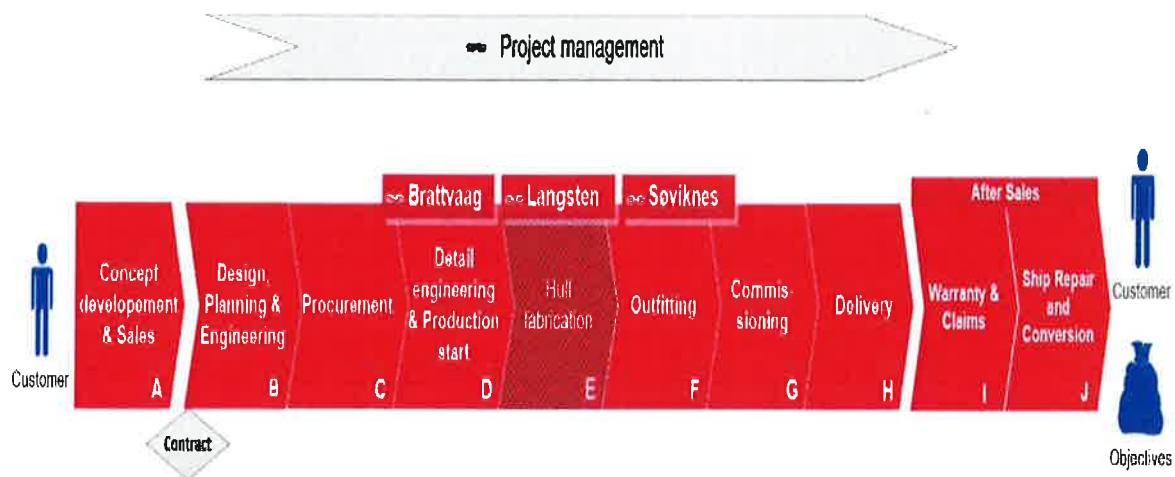
Our core business is innovative design and construction of complex and highly customized offshore support vessels, as well as specialized vessels such as cruise vessels, service operation vessels, battery powered ferries, naval and coast guard vessels, fishing vessels and non-offshore related icebreakers with customers-specific applications. VARD is committed to develop solutions to combat the effects of climate changes as an industry connected to the sea and is proud to have a significant role in enabling sustainable development.

VARD has seven shipbuilding facilities worldwide: Three in Norway, two in Romania, one in Brazil and one in Vietnam. The strategically located shipyards enable the company to meet every need of a diverse and sophisticated global customer base. The headquarters of Vard Group is in Ålesund on the west coast of Norway, and the operation in Norway comprises Concept Development, Design and Engineering, Procurement, the three Norwegian shipyards, Brattvaag, Langsten and Søviknes in addition to our specialized Business Units for, Electro & Automation, Piping and Accommodation & HVAC.

The yards in Norway are mainly outfitting hulls delivered from Vard Group's two shipyards in Tulcea and Braila in Romania. VARD also owns and operates one shipyard in Vung Tau in Vietnam and one shipyard in Pernambuco in Brazil. In addition to new building, we also have activities related to maintenance, repair, and conversion of vessels.

Vard Group's responsibilities under the Transparency Act

Vard Group AS, Vard Electro AS, Vard Interiors AS, Vard Design AS and Seaonics AS are subject to the Transparency Act ("the Act"), further Vard Group AS has several wholly owned subsidiaries in other countries, and these are not subject to the Act. However, the policies/procedures relevant for the Act are also launched in these companies.



Throughout Vard Group AS' supply chain, the activities include sales, design and development, procurement, production and warranty, as well as related supporting functions like Legal, HR, HSE, Quality, Finance, IT and Cybersecurity. Each of those processes includes activities related to the requirements from the Transparency Act.

During Concept Development and Sales, a check of the potential customer with regards to sanctions, as well of suppliers from main equipment, with whom delivery agreements might be entered into. During Procurement phase, the pre-qualification of suppliers and the approval of its subcontractors is a key activity to ensure compliance with the Transparency Act's requirements. During Production phase i.e., Outfitting, Commissioning and Delivery, a comprehensive check of subcontractors working at VARD's premises takes place, both prior to the commence of the activities and during the work, where both physical and contractual work conditions are audited. All VARD employees, as well as subcontractors, have access to channels for anonymous reporting of breaches in work environment conditions.

The Act shall promote businesses' respect for basic human rights and decent working conditions in connection with the production of goods and the provision of services and ensure the public access to information about how businesses deal with negative consequences for basic human rights and decent working conditions. The law is based on international recognized frameworks and conventions.

The Act sets out requirements for companies to carry out due diligence assessments. The due diligence assessments must be risk-based and proportionate and focus on factors in the supply chain that may represent a high risk of violations of human rights and decent working conditions. A central part of the due diligence assessments is to identify high-risk suppliers or customers and ensure that adequate risk-reducing measures are implemented in relation to such.

Implementation of the Transparency Act and measures adopted in 2022-2025.

In connection with the introduction of the Act, VARD has carried out a comprehensive review of existing procedures and guidelines. These have been adapted and updated with the intention of preventing and uncovering customer or supply chain risks, including negative impact on human rights and decent working conditions at suppliers and in own operations.

The Board of the Vard Group acknowledges the importance of working to ensure the respect of fundamental human rights and decent working conditions and has established this with a tone from the top in Board Resolution adopted 29 June 2022. The company has, as stated in the VARD Ethical Guidelines and Whistleblowing Policy and underlying procedures, undertaken to comply with all laws and regulations. Furthermore, the VARD Ethical Guidelines and Whistleblowing Policy clearly state that Vard Group AS and its subsidiaries distance themselves from modern slavery and all forms of human rights violations, including indecent working conditions in the supply chain and own operations. A more thorough description of the Vard Groups whistleblowing procedures will be available here:

<https://www.vard.com/our-committment>.

Examples of concrete measures that the Vard Group has adopted, aimed at mitigating the risk of adverse impacts on human rights and decent working conditions are:

- Underlined the accountability through lifting VARD's obligations under the law to the board of directors of Vard Group AS and its Norwegian subsidiaries.
- Implemented revised HSEQ Manual in Vard Group AS including the basic procurement principles, which is also applied to all suppliers used in VARD.
- Implemented revised VARD Ethical Guidelines and Whistleblowing Policy, which is also apply to all VARD subsidiaries.
- Updated the Supplier Declaration, where suppliers undertake to follow the regulations and accept that VARD can exercise sanctions such as termination and audit of the supplier.
- Revised templates for purchase contract conditions for both goods and personnel, including obligations for suppliers to carry on the same obligations further down the supply chain.
 - The obligations to carry out the due diligence assessments will lie with the individual company with support from Procurement/Legal/HSE if necessary.
- Supplier due diligence and qualification procedure with focus on human rights, decent working conditions, and other relevant compliance risks
- Increased controls regarding salaries and working conditions for all subcontracted personnel working at VARD's yards in Norway.
- Published information on websites and templates for answering inquiries from third parties have been prepared and are available in the Vard Management System.
- Implementing a Compliance Committee, consisting of representatives from HSE, Legal, Finance, HR which shall meet on a quarterly basis and report yearly to top management on the compliance with laws and regulations, this committee was established in 2023.
- Implemented software solution (Adept) with the purpose to ensure compliance between laws and regulations and internal procedures, through an integrated business process.
- ISO-certifications VARD: Vard Group AS, Vard Shipyards Romania SA, Vard Vung Tau Ltd, and Vard Electro AS are certified according to ISO 9001, ISO 14001 og ISO 45001. In addition,

Vard Vung Tau Ltd. are SA 8000 certified. Vard Interiors AS is certified ISO 9001 and Seonics AS is certified according to ISO 9001 and ISO 14001.

- Updated procedures to reflect new regulations for the use of manning agencies in Norway, in close cooperations with the unions.

Vard Group's risk assessment

As part of the due diligence assessment, the company has carried out a comprehensive survey of suppliers, with the aim of identifying potential risks. Work on carrying out due diligence assessments, such as the extended approval procedures and risk mapping is ongoing.

The company considers that it has greater influence on the suppliers who carry out work at the company's shipyard than on standard component suppliers and customers. The company also considers that the use of foreign labor in the industry is a high-risk area for breaches of the Act. There is therefore extra focus on ensuring decent working conditions for employees of suppliers and subcontractors who carry out work at VARD's shipyards.

The risk assessment in the supplier qualification and monitoring process is based on different criteria like country of origin, sustainability category (sector), purchase order value, type of activities, track history from eventual previous deliveries. Each criteria gives a score from 1 to 5, which each is combined with a separate indicator of probability and severity scale from 1 to 5.

Business risk: Blue collar work causes increased risk of exploitation of foreign work force and non-compliance from the suppliers carrying out work at Norwegian yards with Norwegian laws and regulations, industrial safety risks such as exposure to hazardous substances, injuries, death.

Product risk: Shipbuilding projects involve a high number of components and complex products in every project and it is not uncommon for every project to include between 300-500 first-tier suppliers, and many more sub-suppliers. Most of the larger equipment suppliers are well established relations and operate from Western Europe. However, change in market conditions and new technologies means opening up to a newer supplier market, which requires increased focus on due diligence and pre-qualification processes.

Our subsidiaries in Romania who construct the hulls for the projects are large buyers of steel, which also requires focus on sourcing information and quality.

Geographical risks: VARD owns two shipyards where there are current building activities outside Norway, in Romania and Vietnam. The company considers there is no high risk for human rights violations at VARD locations taking into considerations the preventive measures implemented such as SA 8000 and ISO 45001 etc., however it is acknowledged that their geographical environment and closeness to countries who are considered high risk requires regular assessments, as well as implementation of appropriate actions if applicable.

VARD(including it's yards outside Norway) has approximately 4601 first tier suppliers, of which 46 countries and 6 product categories are represented. These product categories are the following:

Suppliers by product category

Turnkey	Suppliers of turnkey solutions are suppliers providing a complex product or system, including installation.
Supplies	Suppliers of supplies are suppliers providing material products (e.g. raw materials, components and complex components).
Contracts	Suppliers of contracts are suppliers providing labour-intensive works directly linked to production.
Services	Suppliers of services are suppliers providing labour or services not directly linked to production.
Investments	Suppliers of investments are suppliers who implement investment projects that are accounted for as assets.
Engineering	Suppliers of engineering are the suppliers offering a technical design activity or service.

Vard Group AS has contracted about 29 % of the suppliers, Vard Electro AS has contracted about 14 % of the suppliers, Seaonics AS has contracted about 9 % and Vard Interiors AS has contracted about 6 % of the suppliers. Geographically, most of those suppliers are located in Romania, followed by Vietnam, China, Turkey, Hong Kong and Greece. Regarding the sustainability category, in addition to turnkey contracts, the ones including labour-intensive work, directly linked to VARD's operations, are considered high risk. Suppliers identified as high risk have been re-qualified or are in such processes.

After implementing risk mitigating measures, Vard has not identified significant risks of adverse impacts in Vard's own operations. Further, Vard has not identified significant risks of adverse impacts in our Tier-1 and Tier-2+ suppliers. However, Vard Group AS has identified 2 subcontractors which are no longer approved to supply labour services to VARD due to breaches of The Norwegian Labour Environment Act.

Vard Group's work processes

The company has created a cross-department work group who has been tasked with identifying the requirements of the Transparency Act and considering appropriate measures and actions to ensure compliance. The group consists of HSEQ, Procurement and Legal, with support from other functions on an ad-hoc basis. The focus of the group going forward is to:

- Follow up the pre-qualification process of suppliers, and review of the pre-qualification process
- Perform due diligence checks of business partners and new customers, and take further action if deemed required
- Updating and streamlining the procedure for the process of due diligence of business partners (in process). Software-solution for conducting relevant screenings is under review, together with our parent company Fincantieri S.p.A.
- Carry out more in-depth due diligence of the suppliers identified as high risk in the pre-qualification.

VARD is committed to following up and addressing any violations of human rights and decent working conditions that it becomes aware of that it either caused or contributed toward, or that are directly linked its operations, products or services via the supply chain or its business partners.

The increased focus on risks related to violations of human rights and decent working conditions in particular in connection with the qualification and monitoring of suppliers allows the company to more accurately identify and target such risks as deemed necessary. It is also expected that the increased focus by the company will promote suppliers focus on the topic, also towards their own supply chain.

This statement is an account for Vard Group AS due diligence as per 26 June 2025 signed off in accordance with Section 5 paragraph 4 of the Transparency Act, referencing Section 3-5 of the Accounting Act. It will be updated at least one time a year, or in case of any substantial changes in the company's risk assessment.

*** Signature page below ***

Ålesund, 26 June 2025

CEO and Board of Directors of Vard Group AS

Alberto Maestrini
Chairperson

Luigi Matarazzo
Director

Cathrine Marti
CEO and Director

Claudio Cisilino
Director

Elisa Olivier
Director

Lorenza Pigozzi
Director

Jørn Inge Hestnes
Director Employee Representative

Anne-Beate Våge Reite
Director Employee Representative

Tore Sunde
Director Employee Representative

Ålesund, 26 June 2025

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Ålesund, 26 June 2025

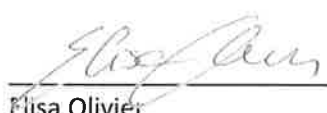
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Ålesund, 26 June 2025

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Ålesund, 26 June 2025

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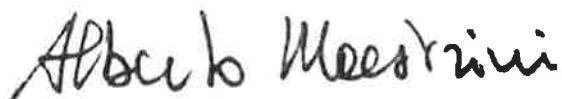
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Ålesund, 26 June 2025

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Ålesund, 26 June 2025

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Ålesund, 26 June 2025

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Director Employee Representative


Anne-Beate Våge Reite
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Tore Sunde
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Ålesund, 25 June 2025

General Manager and Board of Directors of Vard Interiors AS

**Birgit
Aarseth**

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Birgit Aarseth
Chairperson and General Manager



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Odd Henrik Iversen
Director

**Gonzalo de
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Gonzalo de Arteaga
Director

**Marcin
Landowski**

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Marcin Landowski
Director Employee Representative

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Nykrem**

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Vegard Nykrem
Director Employee Representative

Ålesund, 25 June 2025

General Manager and Board of Directors of Vard Design AS



Christian Utvik
Chairperson



Kjell Morten Urke
General Manager and Director



Marianne Blindheim
Director

Ålesund, 25 June 2025

General Manager and Board of Directors of Vard Electro AS

Andrea Qualizza
Chairperson



Carlotta Dainese
Director

Hans-Tore Jenssen
General Manager and Director

Birgith Aarseth
Director

Cathrine Marti
Director

Giovanni Peditto
Director

Bernt Ove Sunde
Director Employee Representative

Toralf Vik
Director Employee Representative

Geir Ove Grønli
Director Employee Representative