



VISION ZERO

Environment report 2020

VARD



ZERO INJURIES TO PEOPLE





ZERO ACCIDENTS





ZERO LOST TIME INJURIES





ZERO UNPLANNED INCIDENTS



ZERO UNINTENTIONAL DAMAGE

TO THE ENVIROMENT

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

- Safety observation is proactive tool to avoid incidents.
- The frequency rate of Lost Time Injuries decreased to 1.8
- Sick leave at 5.2% reflecting the Covid-19 pandemic
- Work availability recorded at 94.8%

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.

Owing to the current health emergency related to the COVID-19 outbreak, These circumstances, which are exceptional in their nature and extent, have had and continue to have direct and indirect repercussions on activity in general, particularly with regards to sick leave. VARD established a dedicated team for follow up rules and regulations and a comprehensive quarantine facility and test regime for ensuring compliance with the constant changes of requirements from authorities and continuity of shipbuilding activities.

Through "Vision Zero", we aim to avoid any mishaps, for both our people and the environment. VARD's HSE training emphasizes the importance of using the right protective gear at all times and work according to our safety rules, which are continuously tightened, especially in areas concerning protective equipment and the adoption of preventive behavior for workplace safety. Unfortunately, VARD experienced a fatality at one of its workplaces in 2020, but continued to witness a positive approach in employees complying with safety rules proactively.

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 were recorded at a rate of 21.8 for 2020, and is still considered low compared to the industry.

The overall sick leave was recorded to 5.2%, reflecting the Covid-19 pandemic and is in line with the maritime industry.

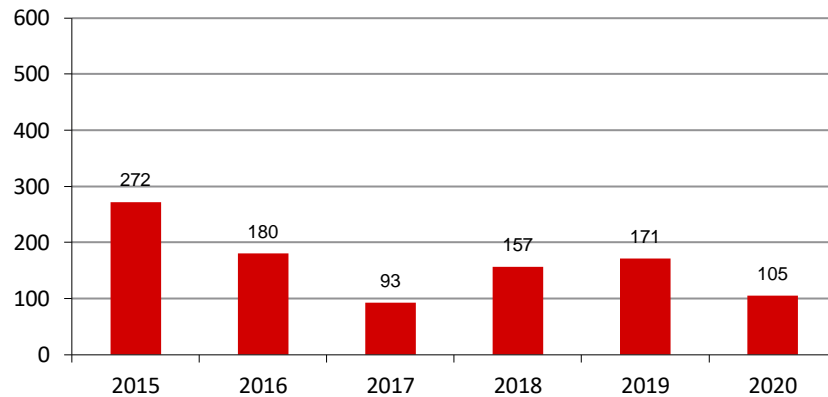
We continue our efforts to handle sick leave individually at an early stage, and with a preventive approach. This includes the flexibility to adjust the employee's work intensity and scope of work, adapting the work situation accordingly in order to avoid any long-term sick leave, as well as healthy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

For graphics see next pages >>

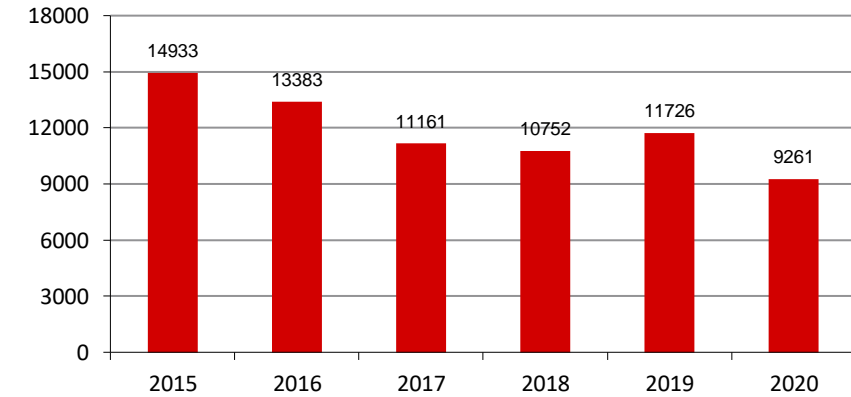
Accidents and safety observations

- Different production methods unfortunately increased number of accidents
- Number of safety observations reflecting the production scope

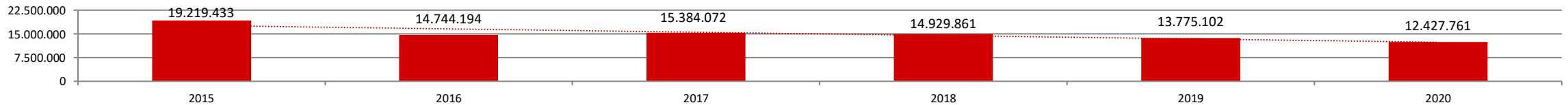
Accidents



Safety observations



Worked Hours

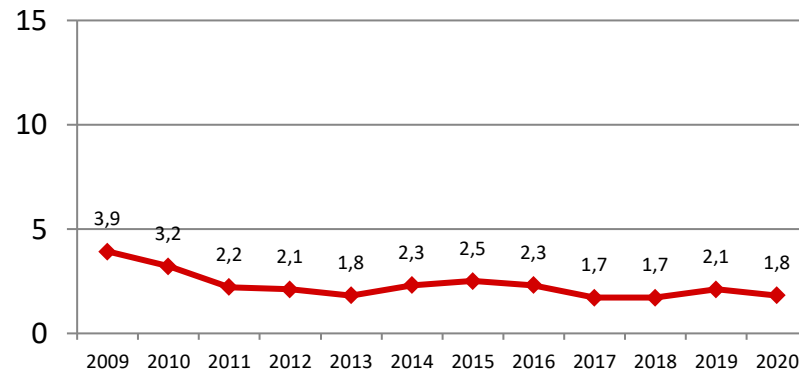


Injuries

- The frequency rates of Lost Time Injuries (LTI) remains at a low level of 1.8
- Total Recorded Injuries (TRI) decreased to 2.7

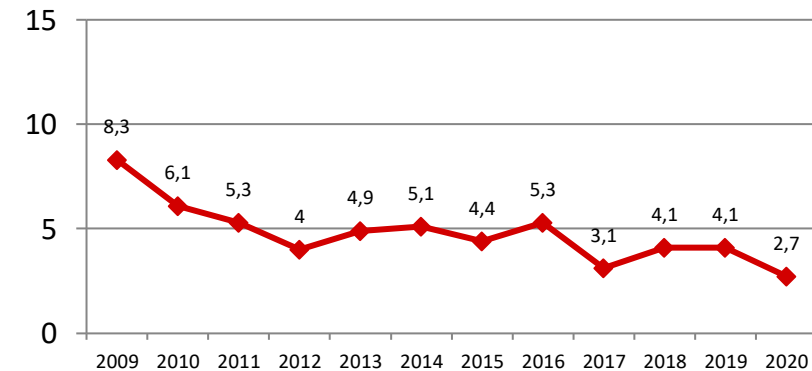
LTI-rate (Lost Time Injuries)

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



TRI-rate (Total Recorded Injuries)

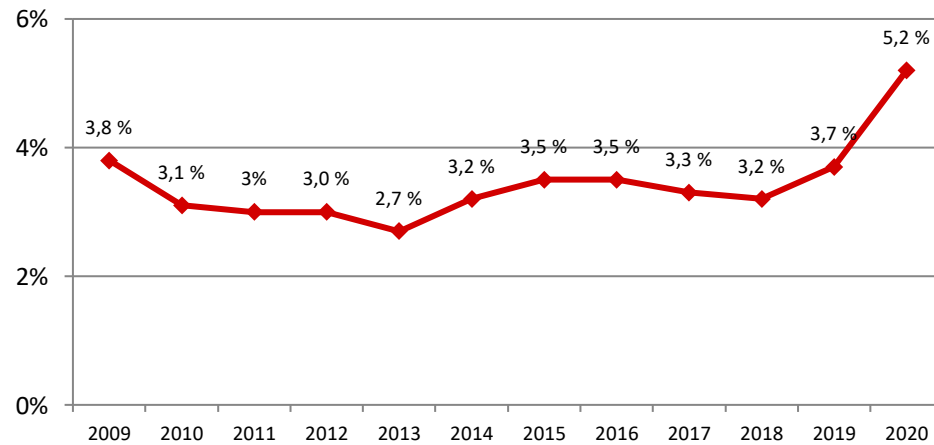
TRI = Lost Time Injury + Medical Treatment Case + Restricted Work Case



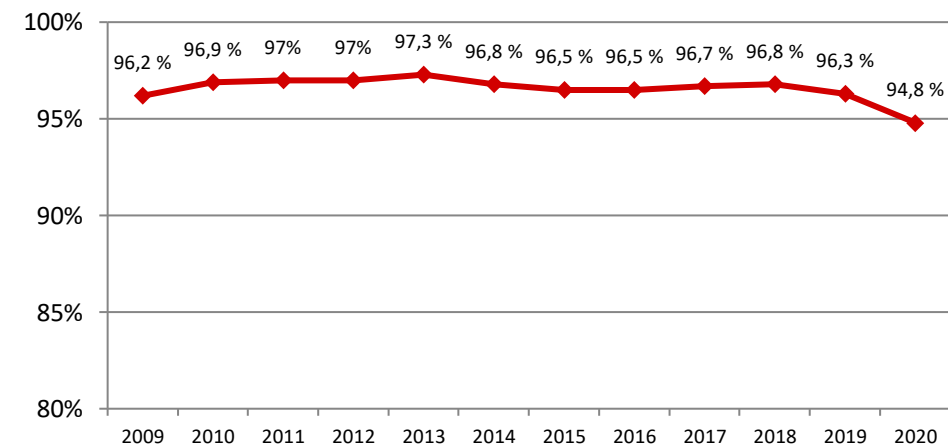
Sick leave and presence

- Sick leave statistics at level 5.2% reflecting the Covid-19 effect
- The level of presence is at a high level of 94.8%

Sick leave



Presence



ETHICS AND SOCIAL RESPONSIBILITY

Aligned with international standards



- 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.
- All VARD's workplaces operate according to this standard. In order to enhance compliance with Vard Ethical Guidelines, an interactive E-learning course is being rolled out at all units.

Compliance with ISO 45001 or OHSAS 18001 (Occupational Health and Safety Assessment Series) demonstrates VARD's commitment to guarantee health and safety at work. The two VARD shipyards in Romania and the one in Vietnam are officially certified under one of these standards.

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 our environmental impact.
- 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/>

Environmental Initiatives

The Sustainable Ocean Principles*

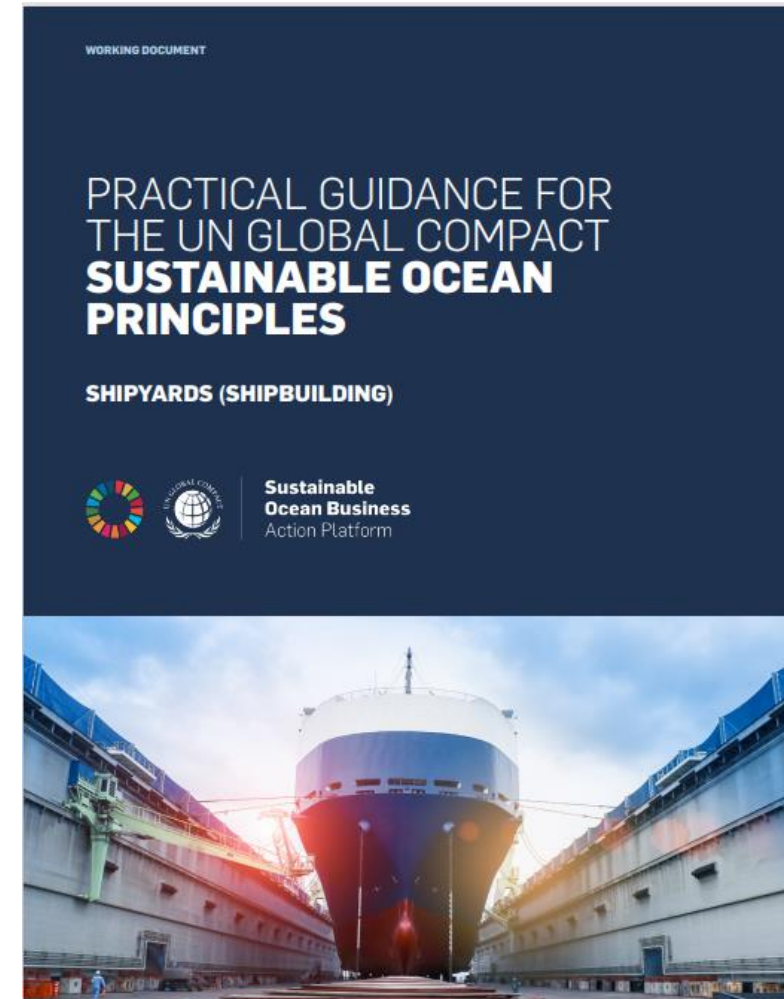
Aiming at promoting the well-being of the ocean for current and future generations, and to emphasize the shared responsibility of businesses to take necessary actions to secure a healthy and productive ocean. Companies signing on to the Sustainable Ocean Principles commit to assess their impact on the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



Environment

- 88% waste recycling in Vard Group
- Following best environmental practices with reference to ISO 14001 standard
- Continues to explore new initiatives to reduce emissions in its products and operations

Protecting the environment is a key focus at VARD. With three of its shipyards already 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 88% in 2020.

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

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.



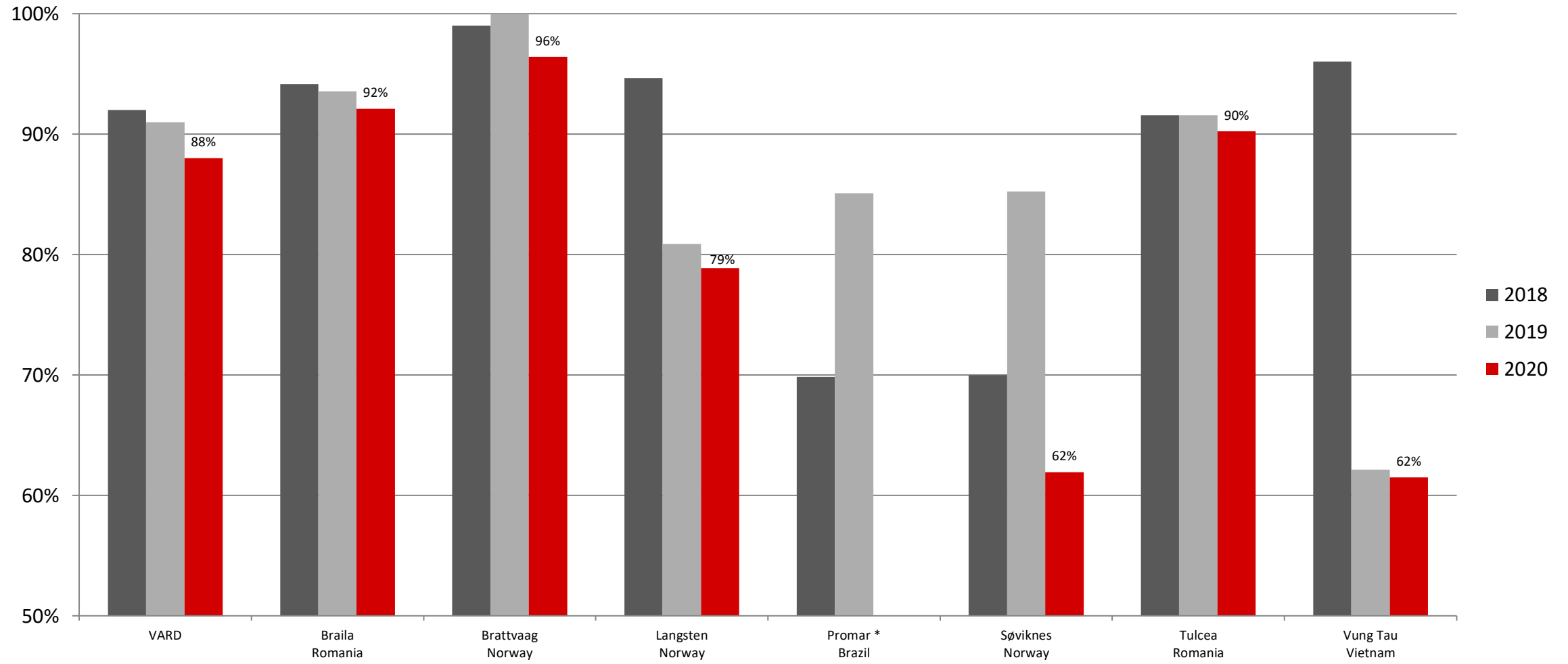
Our approach

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:

- Following best environmental practices with reference to ISO 14001 standard.
- Operating according to the best practices of the SA8000 standard for social accountability and ISO 45001 or OHSAS 18001 standard for occupational health and safety.
- Having a robust code of conduct, Ethical Guidelines, and continuing the process of implementing the corporate values.
- Continuously developing the HSEQ Manual, which governs our sustainability and social responsibility.
- 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



* Not available for this period

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.

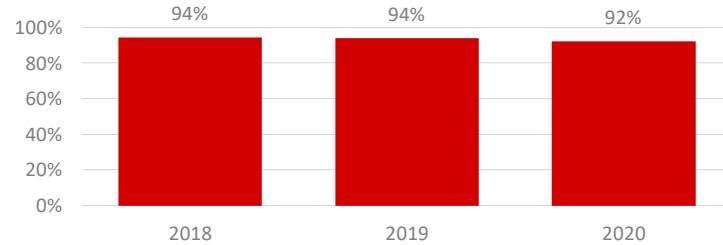
Vard Braila



Romania | Established: 1940 | Total yard area: 500 000 m² | Employees: 1 703

Vard Braila

Waste recycling ratio %



Total waste recycling (t)

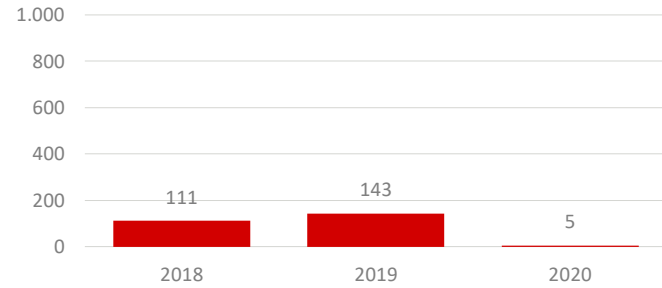


2020

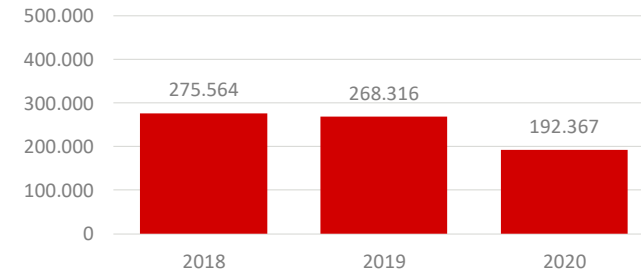
Energy used		Emissions to air		Waste recycled	
Electricity	9.09 GWh	CO ₂	1 172 t	Metal	5 355 t
		NO _x	3 679 kg	Wood	103 t
Freshwater used		SO _x	56 kg	Paper/ plastic	43 t
Freshwater	192 367 m ³	PM	296 kg	Sand from sandblasting	1 136 t
				Recycled waste total	7 127 t
Chemicals used				Waste not recycled	
Solvents	58 042 l			Waste to landfill site	610 t
Diesel	148 869 l				
Fuel oil vessels	18 880 l				

Vard Braila

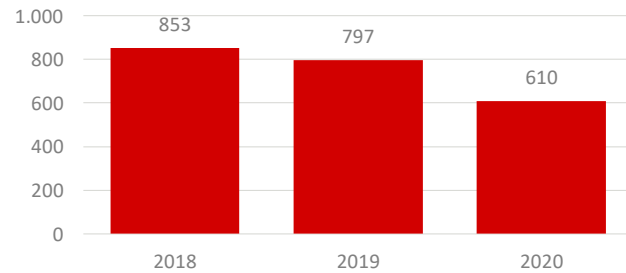
Hazardous waste (tons)



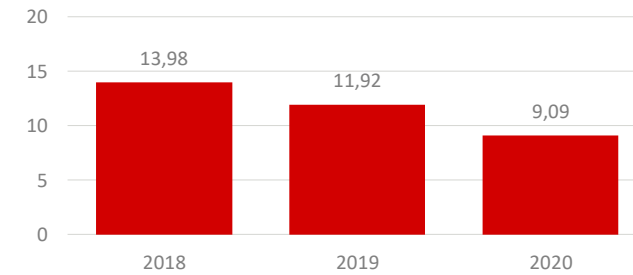
Freshwater (m³)



Waste to landfill site (tons)



Electricity (GWh)



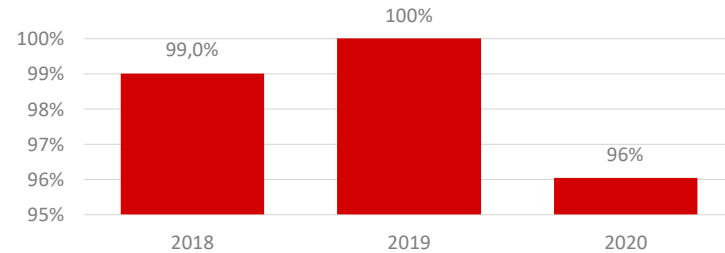
Vard Brattvaag



Norway | Established: 1950 | Total yard area: 20 500 m² | Employees: 119

Vard Brattvaag

Waste recycling ratio %



Total waste recycling (t)

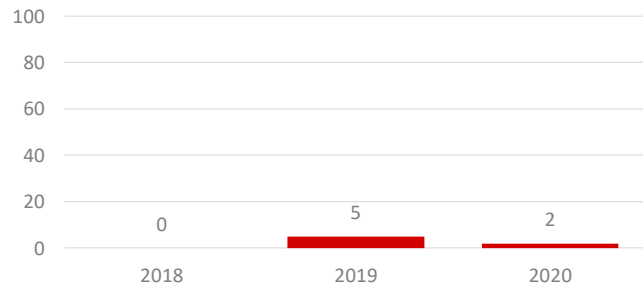


2020

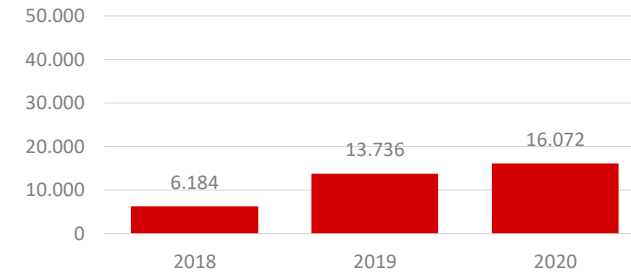
Energy used		Emissions to air		Waste recycled	
Electricity	7.32 GWh	CO ₂	1 716 t	Metal	764 t
		NO _x	23 817 kg	Wood	212 t
Freshwater used		SO _x	216 kg	Paper/ plastic	21 t
Freshwater	16 072 m ³	PM	1 137 kg	Sand from sandblasting	41 t
				Recycled waste total	1 060 t
Chemicals used				Waste not recycled	
Solvents	6 090 l			Waste to landfill site	39 t
Diesel	153 307 l				
Fuel oil vessels	491 000 l				

Vard Brattvaag

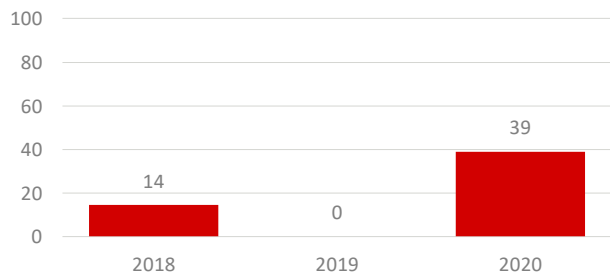
Hazardous waste (tons)



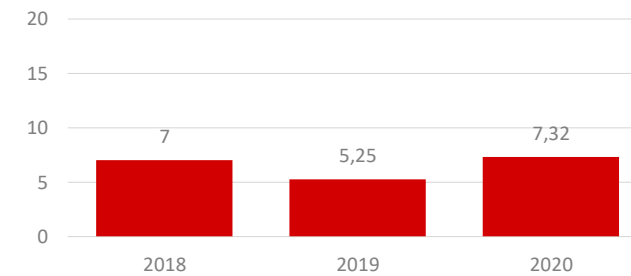
Freshwater (m³)



Waste to landfill site (tons)



Electricity (GWh)



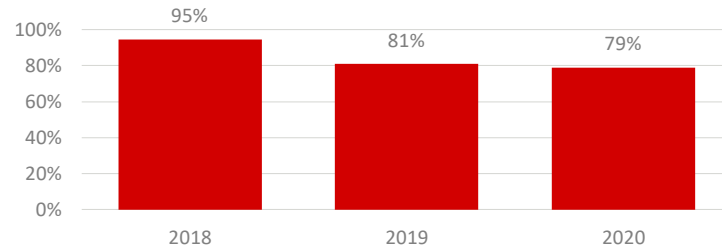
Vard Langsten



Norway | Established: 1945 | Total yard area: 33 700 m² | Employees: 174

Vard Langsten

Waste recycling ratio %



Total waste recycling (t)

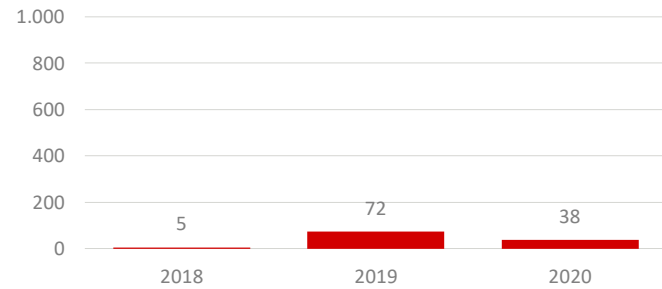


2020

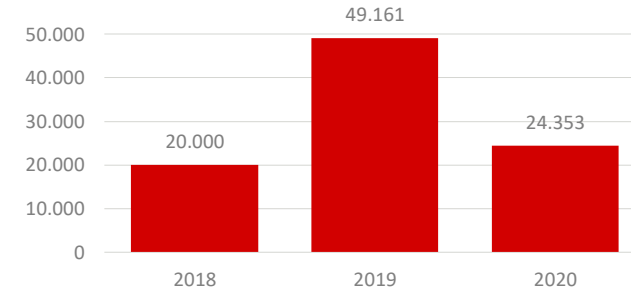
Energy used		Emission to air		Waste recycled	
Electricity	9.28 GWh	CO ₂	664 t	Metal	177 t
		NO _x	10 608 kg	Wood	59 t
Freshwater used		SO _x	84 kg	Paper/ plastic	27 t
Freshwater	24 353 m ³	PM	440 kg	Sand from sandblasting	39 t
				Recycled waste total	776 t
Chemicals used				Waste not recycled	
Solvents	0 l			Waste to landfill site	208 t
Diesel	20 045 l				
Fuel oil vessels	229 414 l				

Vard Langsten

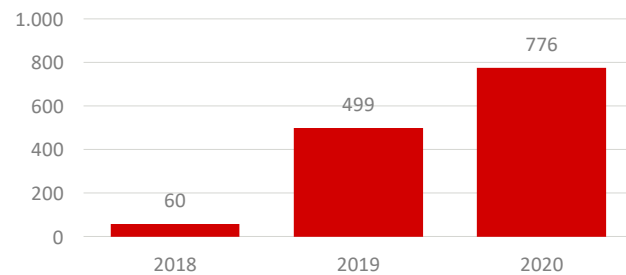
Hazardous waste (tons)



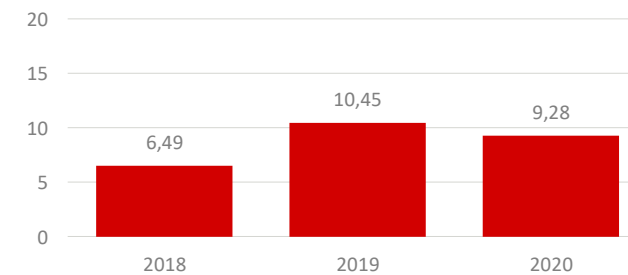
Freshwater (m³)



Waste to landfill site (tons)



Electricity (GWh)



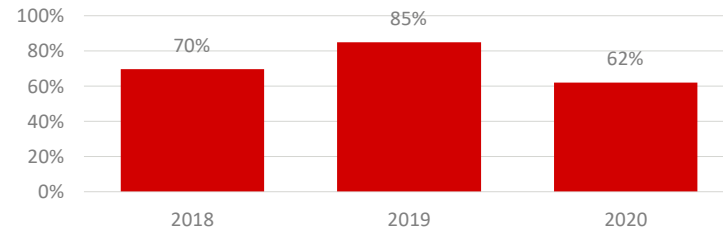
Vard Søviknes



Norway | Established: 1936/1946 | Total yard area: 57 000 m² | Employees: 175

Vard Søviknes

Waste recycling ratio %



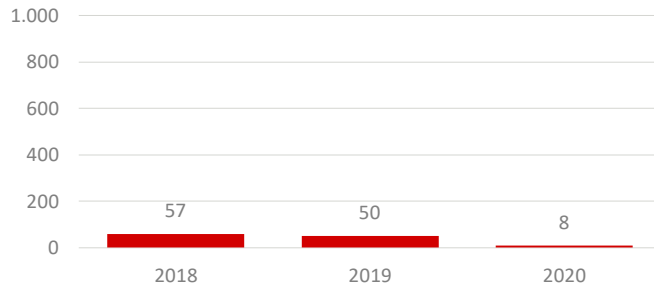
Total waste recycling (t)



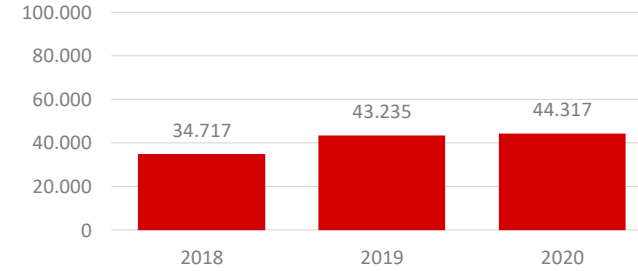
2020					
Energy used		Emissions to air		Waste recycled	
Electricity	11.9 GWh	CO ₂	1 402 t	Metal	459 t
		NO _x	21 387 kg	Wood	365 t
Freshwater used		SO _x	177 kg	Paper/ plastic	0 t
Freshwater	44 317 m ³	PM	928 kg	Sand from sandblasting	14 t
				Total recyclable waste	1033 t
Chemicals used				Waste not recycled	
Solvents	0 l			Waste to landfill site	35 t
Diesel	70 451 l				
Fuel oil vessels	455 603 l				

Vard Søviknes

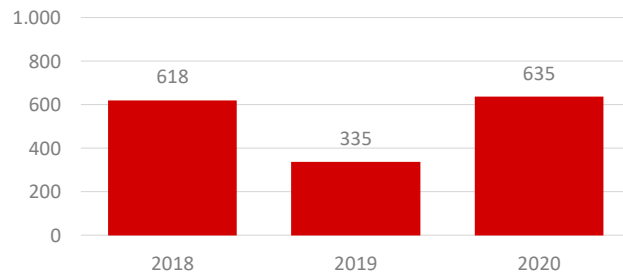
Hazardous waste (tons)



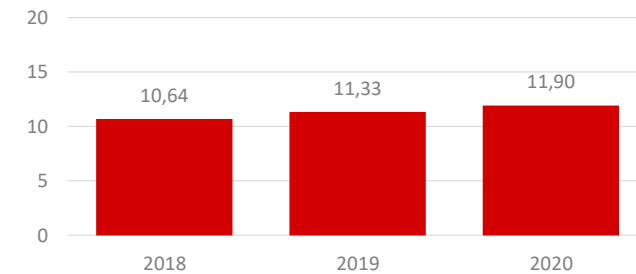
Freshwater (m³)



Waste to landfill site (tons)



Electricity (GWh)



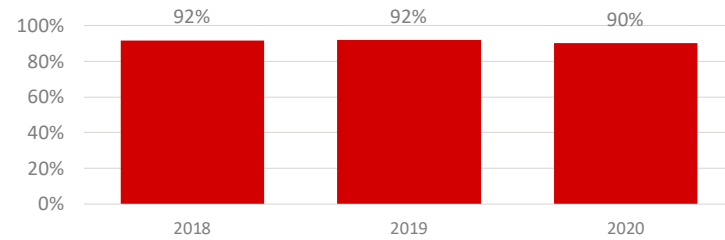
Vard Tulcea



Romania | Established: 1975 | Total yard area: 750 000 m² | Employees: 2 534

Vard Tulcea

Waste recycling ratio %



Total waste recycling (t)

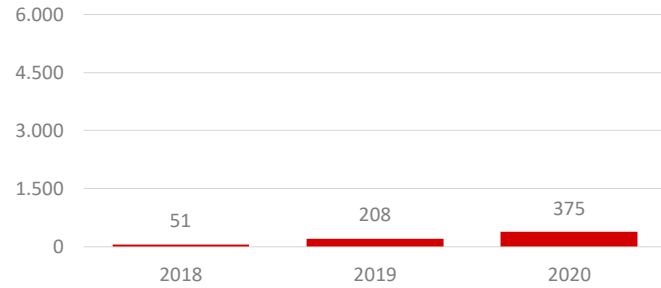


2020

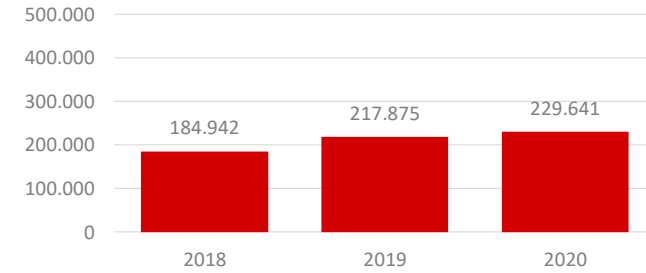
Energy used		Emissions to air		Waste recycled	
Electricity	43.69 GWh	CO ₂	4 275 t	Metal	16 172 t
		NO _x	10 588 kg	Wood	956 t
		SO _x	158 kg	Paper/ plastic	119 t
Freshwater used		PM	829 kg	Sand from sandblasting	5 511 t
Freshwater	229 641 m ³			Recycled waste total	23 372 t
Chemicals used					
Solvents	492 411 l			Waste not recycled	
Diesel	459 579 l			Waste to landfill site	2 529 t
Fuel oil vessels	9 475 l				

Vard Tulcea

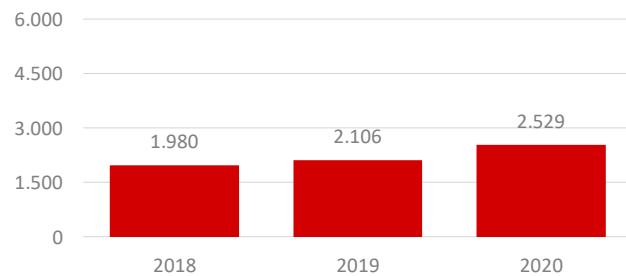
Hazardous waste (tons)



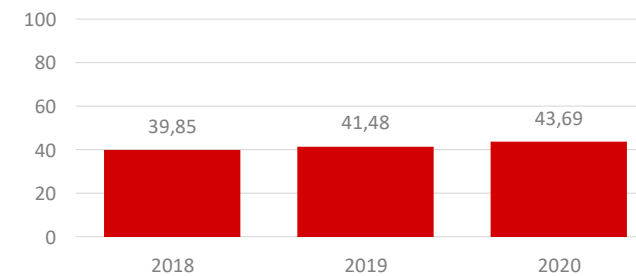
Freshwater (m³)



Waste to landfill site (tons)



Electricity (GWh)



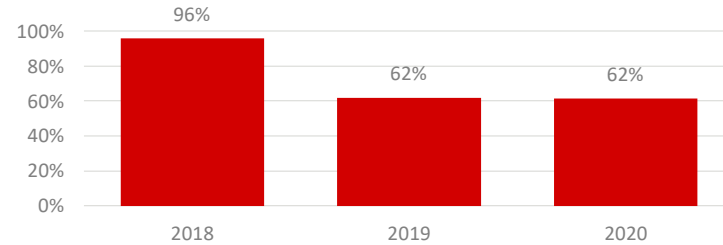
Vard Vung Tau



Vietnam | Established: 2007 | Total yard area: 116 000 m² | Employees: 731

Vard Vung Tau

Waste recycling ratio %



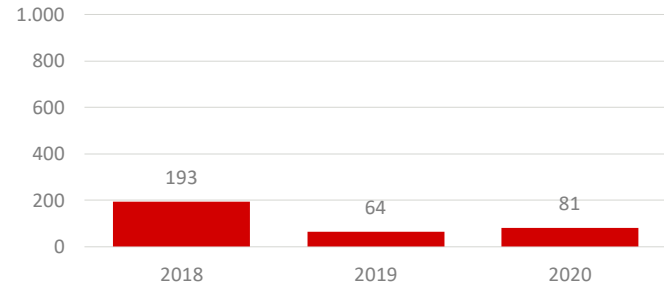
Total waste recycling (t)



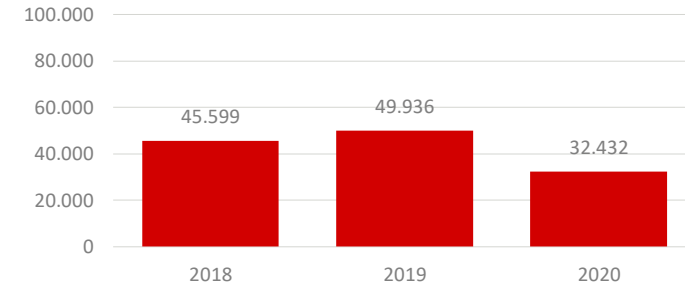
2020					
Energy used		Emissions to air		Waste recycled	
Electricity	6.36 GWh	CO ₂	908 t	Metal	553 t
		NO _x	14 338 kg	Wood	169 t
Freshwater used		SO _x	114 kg	Paper/ plastic	18 t
Freshwater	32 432 m ³	PM	597 kg	Sand from sandblasting	0 t
				Recycled waste total	879 t
Chemicals used				Waste not recycled	
Solvents	18 510 l			Waste to landfill site	550 t
Diesel	29 996 l				
Fuel oil vessels	307 891 l				

Vard Vung Tau

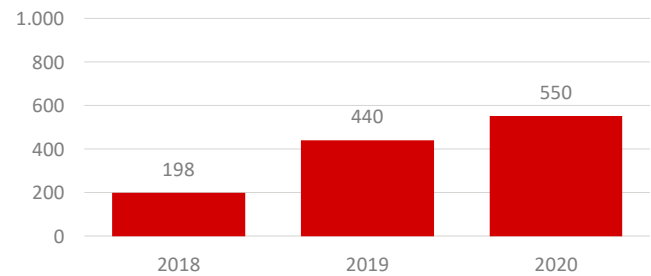
Hazardous waste (tons)



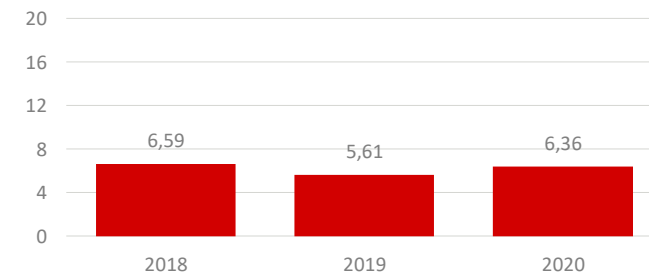
Freshwater (m³)



Waste to landfill site (tons)



Electricity (GWh)



Overview

Resources used	Braila	Brattvaag	Langsten	Promar *	Søviknes	Tulcea	Vung Tau
Electricity	9.09 GWh	7.32 GWh	9.28 GWh	-	11.9 GWh	43.69 GWh	6.36 GWh
Freshwater	192 367 m ³	16 072 m ³	24 353 m ³	-	44 317 m ³	229 641 m ³	32 432 m ³
Solvents	58 042 l	6 090 l	0 l	-	0 l	492 411 l	18 510 l
Diesel, heating/ vehicles	148 869 l	153 307 l	20 045 l	-	70 451 l	459 579 l	29 996 l
Fuel oil vessels	18 880 l	491 000 l	229 414 l	-	455 603 l	9 475 l	307 891 l
Emissions to air							
CO ₂	1 172 t	1 716 t	664 t	-	1 402 t	4 275 t	908 t
NO _x	3 679 kg	23 817 kg	10 608 kg	-	21 387 kg	10 588 kg	14 338 kg
SO _x	56 kg	216 kg	84 kg	-	177 kg	158 kg	114 kg
PM	296 kg	1 137 kg	440 kg	-	928 kg	829 kg	597 kg
Waste recycled							
Metal	5 355 t	764 t	177 t	-	459 t	16 172 t	553 t
Wood	103 t	212 t	59 t	-	365 t	956 t	169 t
Paper and plastics	43 t	21 t	27 t	-	0 t	119 t	18 t
Sand from sandblasting	1 136 t	41 t	39 t	-	14 t	5 511 t	0 t
Recycled waste total	7 127 t	1 060 t	776 t	-	1 033 t	23 372 t	879 t
Waste not recycled							
Waste to landfill site	610 t	39 t	208 t	-	635 t	2 529 t	550 t
Waste recycling ratio							
	92 %	96 %	79 %	-	62 %	90 %	62 %

* Not available for this period



VISION ZERO

Thank you for your attention

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.

