



# Transparency Act Report 2025

## VARD Group

VARD Group's work on fundamental human rights and decent working conditions

### Introduction

Pursuant to Section 5 of the Norwegian Transparency Act (åpenhetsloven), this report sets out VARD's work on fundamental human rights and decent working conditions for the period from 1 January 2025 to 31 December 2025.

This report is a common account for Vard Group AS, Vard Electro AS, Vard Interiors AS, Vard Design AS and Seaonics AS, which are the entities within the VARD Group that are directly subject to the Transparency Act.

VARD Group AS also has subsidiaries in several countries which are not themselves directly subject to the Transparency Act. Relevant Group-level policies, procedures and due diligence measures related to human rights and decent working conditions apply across the Group's operations.

This report addresses Vard Group AS and the Group's operations, including activities carried out through subsidiaries, as reflected in the due diligence work and follow-up performed during the reporting period.



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# VARD Group and How We Operate

## 1. The Group and Its Activities

VARD is a global designer and shipbuilder of specialised vessels and part of the Fincantieri Group.

The Group's core business is the design and construction of complex and highly customised vessels across several segments, including offshore support vessels, service operation vessels, naval and coast guard vessels, fishing vessels and icebreakers. In addition to newbuilding, VARD carries out maintenance, repair and conversion of vessels.

The Group operates an integrated value chain covering concept development and sales, design and engineering, procurement, production, outfitting, commissioning, delivery and after-sales.

The Group's corporate functions include Legal & Compliance, Human Resources, Quality & HSE, Finance, Digital Innovation & IT and Cyber Resilience.

VARD employs more than 8,000 people worldwide and operates across several jurisdictions.

## 2. Operating Model and Structure

VARD operates through a network of shipyards, specialised business units and subsidiaries across several countries. Shipbuilding constitutes the core of the Group's operations. VARD operates seven shipyards worldwide: three in Norway, two in Romania, one in Vietnam and one in Brazil.

The standard production model for projects delivered from Norway involves hull construction at the shipyards in Romania, followed by outfitting, commissioning and delivery at the shipyards in Norway.

The Group's shipyards in Vietnam and Brazil operate as part of VARD's overall production structure and carry out shipbuilding activities corresponding to the projects executed at those locations.

In addition to shipyard operations, the Group's activities are carried out through specialised entities within design and engineering, electrical systems and automation, accommodation and interior solutions, and marine technology.

## 3. Governance Framework and Relevant Policies

### 3.1. Governance Framework

VARD's work on human rights and decent working conditions is based on a structured governance framework consisting of corporate policies, corporate management guidelines, procedures and operational processes.

The governance framework is implemented through the VARD Management System (VMS).

VMS is the Group's integrated management system and forms the framework of policies, processes and procedures used to ensure that the organisation can fulfil its objectives.

The system includes process charts, procedures, standards, forms, templates, policies and key performance indicators, and provides a structured basis for how activities are performed, monitored and continuously improved across the organisation.

The system is based on a process-oriented approach, reflecting the principles of ISO 9001, and is structured to support relevant ISO standards, including ISO 9001 (quality), ISO 14001 (environmental management) and ISO 45001 (occupational health and safety).

The system defines processes, responsibilities, procedures and controls across the Group's operations, and serves as the primary framework for governance, risk management and continuous improvement.

Corporate policies, corporate management guidelines, global procedures and operational procedures apply from the time they are approved and published in VMS and are implemented across relevant entities and functions.

Responsibility for implementation and follow-up is clearly defined:

- SVP HR & Organization is responsible for implementation and follow-up of HR-related policies and procedures;
- SVP Procurement & Supply Chain is responsible for implementation and follow-up of supply chain-related requirements;
- The Quality & HSE function is responsible for governance, follow-up and coordination of HSEQ-related matters;
- Local management is responsible for implementation in subsidiaries in accordance with Group requirements and applicable law.

## 3.2. Highlighted Relevant Policies and Their Content

### Ethical Guidelines and Whistleblowing Policy

The Ethical Guidelines establish the fundamental principles for behaviour and business conduct across VARD.

They require compliance with applicable laws, fundamental human rights and ILO standards, and set expectations related to:

- Respect, dignity and non-discrimination;
- Working environment, equality and diversity;
- Prohibition of harassment, bullying and sexual exploitation;
- Health, safety, environment and quality responsibilities;
- Prohibition of corruption and improper payments;
- Fair competition and responsible business conduct;
- Due diligence in business relationships.

The Whistleblowing Policy establishes mechanisms for reporting concerns, including by external parties. The policy ensures confidentiality, protection against reprisals, structured handling and investigation of reports, and involvement of relevant functions, including HR, Legal & Compliance and HSEQ, in case handling.

### Corporate Policy on Human Rights

The Human Rights Policy establishes VARD's commitment to respect human rights across its own operations and business relationships, in line with international standards, including the UN Guiding Principles on Business and Human Rights, ILO conventions and OECD Guidelines.

The policy identifies key areas including:

- Prohibition of child labour and forced labour;
- Freedom of association and collective bargaining;
- Decent working conditions and fair remuneration;
- Health and safety;
- Protection of vulnerable groups.

The policy further establishes that due diligence shall be carried out as an ongoing process to identify, prevent, mitigate and follow up negative impacts.

## **Corporate Policy Against Harassment in the Workplace**

This policy establishes a zero-tolerance approach to harassment, violence and inappropriate conduct in the workplace. It applies to employees and third parties and includes definitions of prohibited conduct, preventive measures and training, reporting and investigation mechanisms, and protection against retaliation.

The policy contributes to ensuring a working environment based on respect, equality and dignity.

## **Corporate Management Guideline – Procurement & Supply Chain**

The Procurement & Supply Chain guideline governs procurement and supplier management activities across the Group.

It defines processes for supplier qualification and approval, vendor management and requalification, supplier auditing and follow-up, monitoring, reporting and control activities.

The guideline establishes that supplier-related risks include compliance risks related to working conditions, health, safety and environment, and legal compliance.

## **4. Due Diligence Approach and Processes**

VARD's due diligence work is implemented through structured processes integrated into supplier management and project execution and anchored in VMS.

Supplier-related due diligence is not performed as a single, isolated assessment. It is carried out through a combination of contractual requirements, prequalification, supplier assessment, supplier evaluation, audit activity, operational follow-up and contractual measures.

The approach is risk-based and adapted to the supplier, the type of activity, the operational context and the degree of interaction with VARD's projects and operations.

The purpose of these processes is to identify, assess, prevent, mitigate and follow up actual and potential negative consequences related to fundamental human rights and decent working conditions.

### **4.1. Supplier Requirements and Contractual Framework**

Supplier requirements are formalised through the Supplier Declaration, which is mandatory for all suppliers. The Supplier Declaration requires suppliers to comply with applicable laws, human rights standards and ILO conventions.

It also requires suppliers to respect and comply with requirements related to working conditions, including wages, working hours, freedom of association, non-discrimination and safe working conditions.

The Supplier Declaration includes requirements that suppliers must:

- Adhere to VARD's Ethical Guidelines;
- Prohibit forced labour and child labour;
- Ensure fair wages and legally compliant working hours;
- Respect freedom of association and the right to collective bargaining;
- Prohibit discrimination and harassment;
- Maintain safe and healthy working conditions;
- Establish reporting mechanisms for concerns;
- Allow audits by VARD;
- Contribute to VARD's due diligence processes.

Suppliers are also required to promote the principles set out in the Supplier Declaration within their own supply chains. This is important because VARD's due diligence work may concern not only the direct supplier relationship, but also subcontracted activities and personnel engaged through suppliers.

Contractual requirements and supplier declarations therefore form part of the basis for follow-up, corrective action and escalation where non-compliance is identified.

## **4.2. Supplier Qualification and Assessment**

As a general requirement, suppliers shall be qualified before engagement through a structured prequalification process.

The supplier qualification process is risk-based. Suppliers are assessed through a classification matrix that considers several factors, including product type, competence, estimated annual turnover, country risk, payment conditions and previous experience with VARD.

The classification determines the level of assessment and the type of questionnaire to be used. Low-risk suppliers may be subject to a simplified prequalification process, while higher-risk suppliers are subject to a more detailed assessment and documentation requirements.

The qualification process includes:

- Classification of the supplier based on relevant risk factors;
- Completion of the applicable supplier questionnaire;
- Collection of supporting documentation;
- Assessment of the supplier's responses and documentation;
- Signing of the Supplier Declaration;
- Formal approval by responsible procurement personnel.

The process is intended to ensure that suppliers are assessed before engagement and that the level of assessment reflects the risk profile of the supplier and the relevant activity.

### **4.3. Supplier Evaluation, Audits and Operational Follow-Up**

Supplier evaluation is carried out in connection with project execution and after project completion. Supplier evaluations provide input on supplier performance and may contribute to further follow-up, assessment or prioritisation.

Audit activity is used as a verification tool for selected suppliers and supplier activities. Audits may be directed towards suppliers where the nature of the work, previous findings, operational relevance or other concerns indicate a need for closer review.

Operational follow-up is also carried out in connection with project execution. This is particularly relevant where suppliers or subcontractors perform work in operational environments and where VARD has direct interaction with supplier personnel or subcontracted workforce.

Together, supplier evaluation, audit activity and operational follow-up are used to identify and assess whether suppliers comply with applicable requirements and whether further measures are required.

### **4.4. Follow-Up of Findings and Escalation**

Where non-compliance is identified, follow-up is carried out through corrective actions, documentation requirements and verification of implemented measures.

The follow-up process may include dialogue with the supplier, requests for documentation, requirements for corrective measures and verification that corrective actions have been implemented. Where necessary, contractual measures may be applied.

Contractual measures may include withholding payments or termination of cooperation, depending on the nature and seriousness of the non-compliance and the supplier's response.

The scope and intensity of due diligence activities are adapted based on risk, type of activity and degree of operational interaction.



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# Risk Areas and Negative Consequences

## 5. Inherent Risks and Potential Negative Consequences

VARD's exposure to risks related to fundamental human rights and decent working conditions arises in its own operations, its supply chain and through business partners.

In identifying potential negative consequences, VARD considers whether activities within the Group, including activities carried out by the parent company and subsidiaries, may create situations where the Group could cause or contribute to adverse impacts, or where such impacts may be directly linked to VARD's operations, products or services through suppliers, subcontractors or other business partners.

The Group's activities include both its own operations and a significant degree of reliance on suppliers, subcontractors and hired workforce engaged in connection with project execution.

Based on these characteristics, potential negative consequences have been identified in the following areas:

In VARD's own operations, particularly in shipyard and production environments, there is inherent exposure to risks related to working environment conditions, employment conditions and HSE performance.

These risks arise from the nature of industrial activities and the coordination of multiple work processes. In such contexts, VARD's own activities may, if not adequately controlled and followed up, cause or contribute to adverse impacts.

In VARD's project execution model, the use of subcontractors and hired workforce represents a key source of exposure. Labour-intensive project environments, often involving several tiers of suppliers and subcontractors, create situations where VARD may be directly linked to, or contribute to, adverse impacts related to working conditions, remuneration, working hours and HSE practices.

The level of risk is influenced by factors such as the degree of operational interaction, the structure of subcontracting arrangements and the effectiveness of follow-up and control mechanisms.

In VARD's supply chain, which is large and geographically distributed, potential negative consequences arise from differences in legal frameworks, labour standards and supplier maturity.

In these contexts, VARD will typically be directly linked to adverse impacts through its business relationships but may also contribute where its actions or omissions influence the risk or severity of such impacts.

External developments further influence the potential risk picture. Armed conflict, geopolitical fragmentation, sanctions and trade route disruptions increase the vulnerability of workers, particularly migrant and exposed groups, and affect the conditions under which suppliers operate.

These factors contribute to an elevated risk of exploitation and poor working conditions in parts of the supply chain.

The identification of these inherent and potential negative consequences forms the basis for VARD's due diligence approach, including prioritisation of risk areas and design of assessment and follow-up activities.

## **6. Supplier Base, Assessment and Follow-Up**

VARD engages a large number of suppliers across its operations. The supplier base reflects the Group's project-based operating model, the use of specialised suppliers and subcontractors, and the distribution of activities across several legal entities and jurisdictions.

VARD's supplier base covers a wide range of goods and services related to shipbuilding and project execution. Suppliers may broadly be described across categories such as turnkey deliveries, supplies, contracts, services, investments and engineering-related deliveries.

The quantitative supplier overview on the next page covers the Norwegian VARD entities for which supplier data for 2025 has been compiled for the purpose of writing this report:

Vard Group AS, Vard Electro AS, Vard Interiors AS and Seaonics AS.

Vard Design AS is not included in the quantitative overview, as its activities and supplier structure differ from the production- and project-oriented entities included in the dataset.

The overview is included to provide additional context on the supplier base of these entities. It does not constitute a complete consolidated supplier overview for all VARD subsidiaries globally.

VARD's due diligence assessment addresses the Group's activities more broadly, including activities carried out through both Norwegian and international subsidiaries, in line with the scope described in this report.

### Active suppliers in 2025 by Norwegian reporting entity

Entity	Active Suppliers	Share
Vard Group AS	1268	50.1 %
Vard Electro AS	590	23.3 %
Seaonics AS	339	13.4 %
Vard Interiors AS	333	13.2 %
<b>Total</b>	<b>2530</b>	<b>100.0 %</b>

### The geographical distribution of suppliers for the same entities

Geography	Active Suppliers	Share
Norway	1940	76.7 %
Europe ex. Italy and Romania	432	17.1 %
Italy	75	3.0 %
Asia ex. Vietnam	30	1.2 %
Romania	20	0.8 %
North America	18	0.7 %
Vietnam	9	0.4 %
South America	4	0.2 %
Africa	2	0.1 %
Oceania	0	0.0 %
<b>Total</b>	<b>2530</b>	<b>100.0 %</b>

Supplier assessment and follow-up are carried out through prequalification, supplier evaluation, audit activity and operational follow-up. Supplier evaluation is carried out during and after project execution.

In 2025, the named reporting entities approved a total of 206 new suppliers through prequalification, while 12 suppliers were rejected through the same process.

25 supplier evaluations were carried out, based on evaluations performed by project teams after delivery of newbuilding projects.

Audit activities were conducted on selected suppliers based on risk and operational relevance. During the reporting period, the reporting entities conducted a total of 18 audits within the hired workforce segment in Norway. The audit scope also covered project deliveries, reflecting the areas where VARD has operational interaction with suppliers and subcontracted personnel.

In addition, 5 ESG audits were conducted by Fincantieri for suppliers used by VARD in 2025.

The selection of suppliers for assessment and audit is risk-based. Relevant factors include supplier type, exposure, previous findings, operational relevance and concerns arising during project execution.

## **7. Identified Negative Consequences**

VARD's due diligence activities in 2025 identified actual negative consequences related to working conditions and HSE in parts of the supplier base. These findings reflect and confirm the risk areas described in Section 5.

In practice, the most significant exposure during the reporting period has been identified in connection with supplier and subcontractor activities linked to project execution. This is particularly relevant in labour-intensive operations and where subcontracted or hired workforce is used.

Material risk is assessed based on severity and likelihood, with prioritisation of areas where both factors are elevated. Relevant factors include the nature of the work performed, the use of subcontracted or hired workforce, the degree of operational interaction, the maturity of supplier systems and controls, and previous findings and follow-up activities.

External developments have influenced the risk picture during the reporting period. The war in Ukraine has informed risk assessments, as armed conflict is known to increase the vulnerability of workers, particularly migrant and exposed groups.

This aligns with findings from international organisations highlighting an elevated risk of exploitation and poor working conditions in periods of instability. As a result, increased attention has been given to identifying and addressing risks related to vulnerable workers in the supply chain.

In addition, 2025 was characterised by increased geopolitical fragmentation, sanctions and trade route disruptions, which directly affect VARD's global supplier network and reinforce the importance of effective due diligence and follow-up.

Audit activities and operational follow-up identified negative consequences in specific parts of the supplier base.

The main findings relate to working conditions and include:

- Missing or incorrect payment of wages and compensation
- Insufficient control and documentation of working hours
- Incomplete employment contracts and follow-up systems
- Weaknesses in HSE structures, including missing working environment committees, occupational health services and exposure registers

These findings are primarily associated with supplier activities involving subcontracted workforce in operational environments with direct interaction with VARD's projects.

The findings show that, while a significant share of suppliers operates in compliance with applicable requirements, recurring deficiencies are present among certain suppliers. These deficiencies are concentrated in areas related to remuneration, working time control, contractual arrangements and HSE structures, and reflect variation in supplier maturity and control systems.

Risk related to VARD's own operations is assessed as lower, but remains relevant, particularly in relation to working environment conditions, employment conditions and HSEQ performance.

The identified negative consequences have formed the basis for follow-up measures, including corrective actions, contractual mechanisms and, where necessary, termination of supplier relationships, as further described in Part III of this report.



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## Measures and Results

### 8. Measures Implemented and Outcomes

Where non-compliance is identified, VARD applies a structured approach to follow-up, with the purpose of ensuring that corrective actions are implemented and that workers receive the wages and benefits they are entitled to under applicable regulations.

In cases of non-compliance, close follow-up is carried out to ensure that corrective actions are implemented. Contractual measures are applied where necessary, including withholding of payments. The use of withholding payments has been applied as a measure to ensure that workers received the wages and benefits they are entitled to under Norwegian regulations.

Corrective measures are followed up before closure. This includes verification that wage-related deficiencies have been corrected and that relevant documentation has been provided.

The follow-up carried out during the reporting period resulted in correction of identified non-compliance. Affected workers received the correct payments, including wages and compensation.

As a result of the findings, cooperation with two suppliers was terminated during 2025. These decisions were effectuated after ensuring that affected workers received the correct payments.

In addition, 12 suppliers were rejected during the prequalification process, based on identified risks, including financial risk, cyber security risks and quality-related risks.

### 9. Experience, Examples and Further Work

Experience from the reporting period shows that effective follow-up depends on close operational involvement, clear requirements for documentation and consistent use of contractual measures.

The work carried out during 2025 confirms that supplier follow-up must be closely linked to project execution and operational activity. Follow-up activities have shown that it is necessary to maintain continuous engagement with suppliers in order to obtain documentation, verify corrective actions and ensure implementation of required measures.

An example from the reporting period concerns suppliers within the hired workforce segment in Norway. Audit findings led to close follow-up, dialogue with suppliers and implementation of corrective measures, including the use of contractual mechanisms such as withholding of payments.

In certain cases, cooperation was terminated after ensuring that workers received correct payment.

Experience also shows that recurring challenges are often linked to structural factors, including the organisation of subcontracting arrangements and differences in supplier maturity.

Further work will focus on strengthening existing processes, including improved supplier monitoring, increased focus on documentation and transparency, clearer communication of expectations towards suppliers, continued use of audits and contractual measures where necessary, and further integration of due diligence processes into VMS.

## 10. Results of Due Diligence and Follow-Up

The due diligence work conducted during the reporting period shows that identified non-compliance has been addressed through corrective measures and contractual follow-up.

The follow-up ensured that corrective actions were implemented and that affected workers received the wages and benefits to which they were entitled.

Based on the activities carried out during the reporting period, no significant adverse impacts have been identified in VARD's own operations.

For supplier-related activities, identified adverse impacts have been addressed through follow-up and corrective measures. Based on the completed follow-up, no significant residual effects have been identified after corrective measures have been implemented.

The results confirm the importance of maintaining ongoing and risk-based due diligence as part of supplier management and project execution.

### Vard Group AS

Ålesund, 30 June 2026



**Cathrine Kristiseter Marti**  
Chief Executive Officer



**Alberto Maestrini**  
Chair of the Board

*This report constitutes a common account for the Norwegian entities in VARD Group directly subject to the Transparency Act, and has been approved and signed by the Chief Executive Officers and the Boards of Directors of Vard Group AS, Vard Electro AS, Vard Interiors AS, Vard Design AS and Seaonics AS.*