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Introduction

About this report
This Environmental, Social and Governance (ESG) report presents a summary of the ESG objectives and performance of the operations of Austal Limited and its subsidiaries (together, Austal) for the financial year ended 30 June 2019.

What is ESG

“To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate.”

“When it comes down to it, ESG is about risk, and it’s about opportunity. It’s about the ways in which value could be destroyed or created.”

ESG has been variously described as covering environmental issues such as climate change and resource scarcity, social issues such as a company’s labour practices, talent management, product safety and data security, and governance matters such as board diversity, executive pay and business ethics.

In the ESG Reporting Guide for Australian Companies 2015 published by the Australian Council of Superannuation Investors and the Financial Services Council, both representative bodies recognize that ESG factors are of vital importance to the financial performance of the companies in which they invest both in the short and long term.

1. 2018 Annual Letter to CEOs, Larry Fink, Chairman and CEO of Blackrock.
2. ESG in the boardroom: What directors need to know, Governance Insights Centre, PwC’s ESG Pulse 2019.
3. As above.
4. Refer to page 3.
ESG at Austal

In response to stakeholder interest, and in alignment with broader reporting trends, Austal is pleased to release its first stand-alone ESG report. This report presents a summary of our key ESG issues and Austal’s response to them. It aims to provide investors and all interested parties with an understanding of the material ESG risks and opportunities identified by Austal in respect of its business, as well as greater detail on what Austal is doing to address these risks and opportunities.

This report should be read in conjunction with our:

- Annual Report (http://investor.austal.com/financial-information/annual-reports)
- Corporate Governance Statement (http://investor.austal.com/corporate-governance/highlights)
- Value Statement (https://www.austal.com/value-statement)

The objectives, initiatives and values set out in this report are not new to Austal. Although specific initiatives change and are updated regularly, the reporting of environmental and social risks, as well as how Austal manages or intends to manage those risks\(^5\), has been embraced by Austal as part of its annual reporting process for many years before now. The purpose of this report is to consolidate the reporting on these issues to a single location where possible (noting the references to other documents to be read in conjunction with this report, as set out above), to further supplement existing reporting and to provide stakeholders with even greater transparency on environmental, social and governance risks.

\(^5\) As recommended in Recommendation 7.4 of the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council.
**Vision**

Our vision is to be recognized internationally as the leading provider of design, shipbuilding and asset performance services around the globe, in order to deliver long term value to our shareholders.

**Austral’s value statement**

Our global team is guided by a universal set of values (Austral Values) that describe the focus of our efforts in response to both our business and how we address our key ESG issues. Our goal is for all of our decisions and actions to reflect these core values. We believe that putting our values into practice creates the greatest benefits for our shareholders, customers, employees, suppliers and communities in which we serve, and provides the best opportunity to successfully manage key ESG issues.

**Excellence**

- We work hard to be the very best at what we do, every day.
- We never rest on past achievements or accept the status quo.
- We always seek a better way to improve our customer relationships, our innovative designs, our productivity, our safety and quality standards.

**Customer**

Our customer is the focus of everything we do.

**Integrity**

Every interaction with our customers, our people, and our suppliers is with respect, honesty and transparency.

**Teamwork**

- By working as a team we can achieve anything.
- We all have an important role to ensure Austral’s ongoing success.
- We value each other’s contribution
Who we are

Core Business

Austal is a global prime contractor of ships, systems and support. Vessel products include high speed passenger and vehicle-passenger ferries, cruise vessels and a range of patrol, fast freight and offshore support vessels. Austal also provides through-life services to support these vessels.

With a vision to build high quality commercial vessels for the international market, Austal commenced operations in Perth, Western Australia in 1988. Today, Austal is a global shipbuilder and defence prime contractor. A recognized world leader in the design and construction of customised commercial and defence vessels, Austal proudly lists many of the world’s leading ferry operators, navies and defence forces as valued clients.
Austral’s extensive product range includes passenger and vehicle-passenger ferries, patrol boats, high speed support vessels, surface combatants and revolutionary, multi-role vessels. Austral is an established provider of worldwide vessel maintenance and management services. Austral also designs, installs, integrates and maintains sophisticated vessel command and control systems, communications and radar systems and information management systems, such as MARINELINK, MARINELINK Smart and Austral Motion Control.

The MARINELINK Smart platform allows operators to achieve greater efficiency, passenger comfort, vessel reliability and operations management.

Since listing on the Australian Securities Exchange in December 1998, Austral has diversified and strengthened its product base through the strategic acquisition of a number of shipbuilding and information technology companies. With a genuine focus on research and development of emerging maritime technologies and cutting edge ship designs, Austral has led the industry in the development of innovative commercial and defence vessel platforms.
People

Austal is focused on employee development in the workplace and supports employees and their families to engage with their local communities to achieve a positive work/life balance.

With a strong sense of corporate social responsibility, Austal provides a friendly, supportive and community-focused workplace; one that supports the proactive involvement of the company and our employees in the local communities where our shipyards, service centres and offices operate, worldwide.

Austal sponsors and supports many local charitable organisations, community events and activities in which our employees are involved – principally in Australia, the USA, Philippines and Vietnam. We actively encourage employees to participate in local cultural, sporting and community building activities - as individuals and groups – to further develop skills and enjoy a happy, healthy lifestyle as part of proud and caring community.

<table>
<thead>
<tr>
<th>Location</th>
<th>Total Workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1,100</td>
</tr>
<tr>
<td>USA</td>
<td>3,400</td>
</tr>
<tr>
<td>The Philippines</td>
<td>950</td>
</tr>
<tr>
<td>Vietnam</td>
<td>315</td>
</tr>
<tr>
<td>Other</td>
<td>20</td>
</tr>
</tbody>
</table>

Geographical footprint

From safe, modern shipyards located in Western Australia, the United States of America, the Philippines and Vietnam, Austal has delivered more than 300 vessels for 100 operators in 54 countries around the world.

Austal’s USA shipyard was established in late 1999, and is now one of the largest employers in Mobile, Alabama, serving as the centre of manufacturing for the Littoral Combat Ship (LCS) and Expeditionary Fast Transport (EFF) programs for the US Navy. In 2011, Austal acquired a major commercial shipbuilding facility at Balamban on the island of Cebu in the Philippines to construct high speed passenger, vehicle-passenger ferries, offshore crew transfer and windfarm vessels for growing South East Asia markets and beyond. This facility was the subject of a major upgrade over 2018-2019 and is now building some of the world’s largest fast ferries.

In 2018 the Company’s capability in Asia was further enhanced with the establishment of shipbuilding operations in Vung Tau, Vietnam in a leased facility that Austal has considerably upgraded. Austal Vietnam is currently constructing the 94 metre catamaran ferry for the Government of the Republic of Trinidad and Tobago.

In addition to shipbuilding operations, Austal also provides vessel maintenance and support services from facilities in the United States, around Australia and the Middle East.
Key Issues – Environmental

Environmental sustainability

Our Approach

Austral is committed to a culture based on a team approach to preventing harm to the environment. Our beliefs that underpin our commitments are:

- Environmental sustainability in both our products and our techniques presents opportunities for Austral and our stakeholders.
- Environmental management should be integrated into our everyday operations.
- Natural resources should be conserved by reusing and recycling material.
- Caring for the environment means proactively preventing harm.

Austral prides itself in designing and developing vessels and products that are at the cutting edge of environmental sustainability. Building on the requirements of customers in Scandinavia and the rest of Europe, Austral ferries are designed and built to the strictest emissions, noise and environmental impact standards in the world. Our manufacturing techniques are also regularly reviewed and assessed to ensure that we deliver projects and services in an environmentally responsible manner in accordance with legislation or any higher standard applied by the company, its customers or other stakeholders.

We are committed to the development of robust environmental management systems and resource efficiency programs that will sustain our natural environment for future generations.

Our Performance

- Development of zero or low emission vessels including the development of battery-electric ferries, the use of low sulphur diesel oils, and the use of liquified natural gas power for vessels.
- Development of a hybrid powered patrol boat for customers around the world
- Designing and building ships that meet impending changes in IMO emission limits for Sulphur Dioxide and Nitrous Oxide (SOx and NOx) ahead of when those requirements take effect and in areas beyond those subject to these requirements.
- Optimising fuel usage through the use of lightweight materials and manufacturing techniques to produce structures that are stronger and lighter than existing vessels.
- Implementation of the next generation of shipboard monitoring and control systems including data analytics and machine learning to minimise fuel use, streamline maintenance requirements and increase passenger comfort.
- Development of technology to assist operators in meeting their own emissions monitoring and reporting requirements.
- Introduction of means to increase segregation of waste at the source point (ie in the shipbuilding bays or offices and meal and training areas), increasing the volume of waste that is recoverable and reducing the company’s impact on landfill facilities. 3 bins – general waste, comingled recycling & paper & cardboard. This is in addition to existing measures to maximise reuse of scrap aluminium, steel, copper/nickel alloy and stainless steel.
Conservation of natural resources and environmental management

Our Approach
In keeping with our Austal Values, as well as designing and manufacturing vessels that are at the cutting edge of environmentally sustainable technologies, it is our strategic intent to conduct our business in a responsible, sustainable way. Austal seeks to promote a culture where environmental issues, and their control and continuous improvement, are a primary consideration within the business.

Austral Henderson shipyard, Western Australia

- **OUR VISION**
  Our Vision is to have an environmentally-aware culture based on a team approach to preventing harm to the environment.

- **OUR BELIEFS**
  We believe that:
  - Incorporating environmental sustainability fundamentals in our business creates opportunities for Austal and our stakeholders
  - Environmental management will be integrated into our everyday operations
  - Natural resources should be conserved by reusing and recycling material as much as possible
  - Caring for the environment means proactively preventing harm

- **OUR COMMITMENTS**
  We will:
  - Deliver projects and services in an environmentally responsible manner. Austal has dedicated and experienced Health, Safety and Environment teams in each of its operations who constantly assess manufacturing practices against environmental indicators and seek opportunities for improvement.
  - Comply with relevant environmental laws, regulations, and industry codes of practice and project requirements specified by clients or regulators
- Maintain an environmental management system that conforms to recognised standards such as ISO 14001, integrated within the Austal Business Management System
- Control the impact of our operations on the environment and community through effective planning and risk management methodologies
- Communicate pertinent environmental responsibilities and obligations to employees, consultants and subcontractors – and hold them accountable for adhering to those responsibilities.
- Constantly look for ways to improve our environmental management system and environmental performance
- Seek to eliminate and reduce pollution and use of natural resources where practical, possible and financially viable by encouraging and practising economically feasible waste reduction, emission control, energy conservation and recycling programs

Our Performance

- Recycling of scrap metal – Austal Henderson has a comprehensive program in place for the recycling and reuse of scrap metal involving the use of third party contractors. In the USA, Austal USA has partnered with Shapiro Metals in order to separate and recycle excess aluminium, copper and iron.
- Recycling of office light globes, paper, soft plastics and batteries. Since the implementation in April 2017 of Austal’s office battery recycling program in Henderson, WA, a total of 1,390 kilograms of batteries have been recycled.
- Reduction of the use of plastics – Austal has implemented a scheme to separate plastics from general waste in order to reduce reliance on landfill. Aluminium deliveries are now made without plastic wrapping to eliminate this waste.
- Sampling of the waters off the Henderson shipyard to monitor any leaching that may occur through the manufacturing process.
- Increased adoption of greener practices by Austal USA, such as the use of light emitting diode (LED) lighting throughout the company campus, water-saving fixtures (such as automatic faucets).
Key Issues – Social

Diversity and inclusion

Our Approach

Austral is committed to caring for its employees, as well as respecting the communities and environment in which it operates.

Austral recognises that developing a diverse workforce is critical in building our organisational capability and maintaining a high level of performance. Diversity may result from a range of factors including place or origin, age, gender, cultural heritage, education, physical ability, appearance, language and family responsibilities.

A graduate from the Austral USA high school summer intern program held in May 2019

Equal employment opportunity is a responsibility that exists throughout the term of the employment relationship and includes recruitment, training and professional development and promotion.

Above all, we are committed to ensuring that all employees are treated fairly and with dignity and respect. Austral achieves these objectives by:

• Recruiting and managing on the basis of a person’s competence and performance
• Creating a culture that empowers and rewards people to act in accordance with this policy
• Valuing and respecting the distinctive skills, experiences and perspectives each individual brings to the workplace
• Ensuring we have clear reporting processes and procedures in place
• Creating an inclusive, productive and safe work environment by taking action to prevent and stop discrimination, harassment and bullying.

Managing diversity is underpinned by our Austal Values, is a key accountability for our managers and a shared responsibility of every employee and contractor at our workplace.

Our Performance – Australia

Meeting company diversity targets

Austal is aiming to improve diversity through increasing the participation of women across the business to 25%. It has been determined that a target of 25% across all disciplines would create the possibility of a ship design and construction being completed by an all-female project team. We call this our Pink Ship initiative.

To achieve this target, Austal continues to partner with schools, TAFE and external training organisations to drive a higher participation of women in trades traditionally filled by men.

Our apprentice program has evolved to include a renewed focus on attracting women, and in 2019 a commitment was made to try to fill all apprentice roles for that year with all women. To date, out of 23 apprentice roles filled, 18 have been filled by women.

We are also working with government and local industry to develop a trade training program aimed at attracting women into manufacturing. This involves reviewing and modifying traditional roles to provide flexibility through reduced hours or job share arrangements. This program will be a condensed training program aiming to upskill women and have them ready for work faster than a normal apprenticeship program.

Each year Austal Australia ensures that our graduate assessment and selection centres have 50% female participation rates and our selection panels are coached on understanding their own inherent bias with purpose of increasing the number of women selected for our graduate program.

Our Targets

The Company is on the way to its ambition of 25% women across the business. Austal Australia’s most recent Workplace Gender Equality Agency report shows that 13% of senior management are women, 9% of operational management are women, 19% in professional roles, and 3% in trade roles.
A total of 12.46% of the company’s Australian workforce are women.

Austal is continuing to work with external partners, such as recruitment agencies and universities, to bring more female tradesperson, apprentices, graduates and professionals into the business.

We recognise that our ambition to increase female applications to the business must be supported by programs and initiatives. With this in mind we have identified the following measures to implement or continue in FY2020:

- **Ensuring equal pay for equal skills**
  
  Austal is committed to ensuring that ongoing pay health checks are conducted to ensure that employees with similar skills, knowledge, qualifications, experience and performance are paid equally for work of the same or comparable nature.

  Austal will develop a formal policy that outlines its pay equity approach and methodology. This policy will be immediately implemented with current employees and all new hires.

- **Flexible work practices**
  
  Austal recognises that flexible working practices will be one of the biggest drivers to meet our diversity targets and increase female participation within our workforce. We understand that the promotion of flexible workplaces starts with our leaders and we have committed to conducting a companywide review of resources to gain a greater understanding of current job design and organisational structure and how flexible work arrangements can be implemented across all roles.

  In undertaking this assessment, Austal will obtain accreditation by ‘Work180’, a platform that pre-screens employers to see how well they support women’s careers and provides independent assessment of workplace flexibility. We will work to implement the standards prescribed by Work180 to demonstrate genuine workplace flexibility during FY2020.

- **9 Day Fortnight**
  
  In 2018 Austal Australia introduced a 9 day fortnight across the business, without any adjustment to salaries or wages. This means that every employee is entitled to a day off every second Friday while continuing to receive payment for a full fortnight, to allow for spending more time with family or attending to other commitments or appointments. Unsurprisingly, this initiative has proven popular with employees - perhaps more surprising is that it has not materially impacted production or the operations of the business. A win all round!

- **Diversity committee**
  
  Austal has established a Diversity Committee, chaired by the Chief Executive Officer, that meet quarterly to discuss, plan and approve initiatives aimed at improving diversity across the business.

- **Parental leave**
  
  Austal recognizes the challenges that all new parents face when welcoming a new baby to the family. Austal is developing a parental leave policy that will include supporting both primary and secondary carers. Austal will review best practice and design a staged program that supports both men and women that includes leave provisions and financial support.

- **Supporting employees affected by domestic violence**
  
  Austal provides five days’ paid leave for any employee affected by domestic violence, expanding provisions recently mandated by the Australian Government. This supersedes the legislated requirement for employers to offer 5 days unpaid leave for these employees. Austal also offer support through flexible work practices, access to psychological support and agencies.

**Our Performance**

- **Girls Can Camp**
  
  Austal USA has teamed with the Mobile County Public School System, the Mobile Area Education Foundation and Bishop State Community College for the past seven years to sponsor the Girls Can Camp, a first of its kind in Mobile. The twenty ninth-graders are chosen each year from a competitive application process to attend the camp. Girls Can Camp introduces young girls to non-traditional jobs for women. In this camp, girls are welding and working with sliding miter saws.
• **Women’s History Month**

In honour of Women’s History Month, several women from Austal USA participated in an outreach program for Blount High School’s female junior and senior students. The outreach program included an interactive panel discussion in which four Austal USA female employees participated. The mission of the program was to expose the young women to career opportunities that they may not normally consider female-friendly and inspire them to overcome any preconceived notions they may have of what females can accomplish in the workplace.
• **100 Black Men of Greater Mobile**

Austal USA has been an active partner of the 100 Black Men organization for the past six years. Craig Percivalle, President of Austal USA, has served as the keynote speaker for the organization’s annual gala. Austal has two leaders in Human Resources who are members of the organization. The 100 Black Men of Greater Mobile, Inc. is a non-profit organization designed to create a pool of resourceful leaders who are committed to the formation and implementation of programs set up to enhance the four goals of the future: *Mentoring, Education, Health/Wellness, and Economic Development.*

![Image of a group of people in a classroom setting]

*Austal sponsors 100 Black Men Career Development Program for Youth July 2018*

• **Veterans Apprenticeship**

Austal USA has a veteran's only apprenticeship class. After completion of the apprenticeship, these veterans will have an A-Class journeyman credential recognized by the United States Department of Labor. This program is designed to train future leaders of Austal USA.

• **Disabled Veterans Administration**

Austal USA has a strong partnership with the Disabled Veterans Administration. We meet with the administration routinely to discuss Austal's Affirmative Action Plan goals and our desire to source disabled veterans into the appropriate jobs at Austal.
January 2018 Veterans Job Fair

January 2019 Veterans Job Fair
Injury management

Our Approach
In keeping with Austal’s Values, it is our strategic intent to conduct our business in a responsible, sustainable way and in a manner designed to promote a culture where Health and Safety is paramount within the business. Austal employs a dedicated injury management coordinator whose role is to proactively manage any employees with injuries or restrictions on their ability to work, in order to bring them back to full fitness as quickly as possible.

• OUR VISION
  Our Vision is to have a safety culture based on a team approach to preventing injuries, ill health and harm.

• OUR BELIEFS
  We believe that:
  o All accidents are preventable
  o Safety is everyone’s responsibility
  o Our behaviour as leaders influences safety
  o Anyone can stop an unsafe act
  o Lessons learnt and continuous improvement are vital to effective safety management
  o Caring for people means proactively preventing harm

• OUR COMMITMENTS
  We will:
  o Actively promote team participation in the management of safety
  o Empower all our people to participate in the identification, control and elimination of hazards
  o Ensure that Zero Harm is maintained as the primary value of our Company
  o Ensure our people are trained, competent and properly resourced to conduct their jobs safely
  o Recognise individuals and teams for superior leadership and performance in safety
  o Seek continuous improvement through effective review at all levels of our Company
  o Encourage all employees to extend their commitment to safety and health beyond the workplace
  o Comply with relevant occupational safety and health laws, regulations, industry codes of practice, licences and project requirements
  o Conform to recognised standards including ISO18001 and AS4801, ensuring these are integrated within the Austal Business Management System.

Our Performance
• Goal Zero is an ongoing initiative at Austal Australia designed to reinforce our HSEQ culture. The protection of our employees, suppliers, customers, and communities is vitally important. From the way we operate, to the products we develop, to how we partner with customers, we always strive for Goal Zero - Zero Harm, Zero Waste. Health, safety, environment and quality (HSEQ) is more than a metric – it’s a mindset. It’s how we conduct ourselves, every day, everywhere it matters. In workplace safety culture zero harm means causing no harm to anyone anytime while at work. For the environment, zero harm is focused on minimising the impact that our business has on the environment.

• The business also is committed to improving operational performance. This can be achieved by everyone working towards the goal of zero waste by avoiding the 8 Wastes— Defect, Overproduction, Waiting, Non-
Utilised Talent, Transportation, Inventory, Motion and Extra Processing Planning for and achieving HSEQ success is what we aim for, recognising when we have not met the plan and we put in place lessons learnt means we continually improve.

- Our employees are expected to take personal responsibility and be involved in setting and complying with Austal standards and improvement initiatives. Austal Australia provides support and training to enable our people to maintain a safe working environment.
- Implementation in Western Australia of the Employee Assistance Program, which provides employees with free access to professional mental health consultants on an anonymous basis.
- In the Philippines and Vietnam Austal employs onsite doctors to provide assistance and address workplace injuries, should they arise. Austal also provides free health insurance to all employees in the Philippines and Vietnam, as well as a family member for each of them. As part of Austal’s significant capital investment in the Philippines, the Company is building new employee accommodation with a gymnasium, pool, social club and on site catering for all employees.
- Austal strives for and continues to achieve record low Lost Time Injury Frequency Rates (LTIFR) and Medical Treatment Injury Frequency Rates (MTIFR) in our workplaces and we are recognised as a leader in safety throughout the global shipbuilding industry. As can be seen from the graph below, Austal’s LTIFR performance is substantially better than the industry benchmark. Industry performance data regarding MTIFR is not available for the relevant period however Austal’s MTIFR rates are similarly low against prior benchmarks.

### Community relations

**Our Approach**

Austal is committed to helping all of the local communities in which it operates. As part of Austal’s commitment to corporate social responsibility, it has established ‘Austral Giving’, which is a dedicated program with funding to provide philanthropic assistance to worthwhile community programs worldwide.

‘Austral Giving’ targets mental and physical health, in addition to carefully chosen initiatives promoting higher learning. Aligning with its own corporate culture, Austal carefully considers and chooses to support programs and organisations that can demonstrate a high degree of operational efficiency – ensuring the delivery of maximum benefit to the targeted people in need.

Austal also focuses its employment training initiatives on the local area near the shipyard south of Perth, to maximise the impact on our local community and also to enhance the prospects of improving Austal’s own workforce by attracting employees from locations near the shipyard.

**Our Performance**
Australia

- Donation of material financial support to sponsor the Anglicare WA Young Hearts program over several years. Young Hearts is a unique counselling service dedicated to supporting children profoundly impacted by family and domestic violence in some of Western Australia’s most vulnerable regions – focused on the areas of Rockingham and Mandurah, near Austal’s Henderson shipyard.
- Sponsorship of the Cockburn Volunteer Sea Rescue to assist with the crew and radio room refurbishment
- Significant donation towards the Western Australian Great Cycle Challenge, sponsoring Austal employees to raise funds through cycling to fight kids cancer
- Establishment of an Austal committee to encourage increased employee involvement in charitable organisations and to identify additional projects for 2020
- Recruitment program and focus on the Rockingham/Mandurah area through Austal Giving and also employment of apprentices from this region
- Partnership with Cecil Andrews Senior High School in Seville Grove, Western Australia, under which Austal naval engineers and architects provide educational classes to Year 11 and 12 students as part of a science, technology, engineering and mathematics (STEM) program

The Philippines

- Austal actively participates in “Brigada Eskwela,” an annual nationwide school activity wherein the Philippines Department of Education organizes school refurbishment activity prior to class opening. Austal participates yearly and ‘adopts’ a number of classrooms for rehabilitation through the voluntary efforts of its employees. Volunteer employees help out in repainting the building, making and fixing furniture and roofing, and other similar initiatives, using excess material from the shipyard where feasible.
- Participation in the Job caravan event in Cebu and Subic in 2018. These career events were headed by the Public Employment Office in cooperation with The Technical Education and Skills Development Authority (TESDA) and Local Government Unit (LGU).
- Connecting with local schools and universities through providing on the job training to students, thereby providing an opportunity to apply the theories, principles and ideas learned in the classroom under supervision. These training programs expose the students to work realities which will ideally enhance their skills and prepare them once they get out of university or college.
- Organising and sponsoring a donation drive organized for 2018 landslide victims wherein Austal and its employees donated clothing, toiletries, drinking water and other goods.
- Organising a tree planting activity in April 2018 as part of Austal Philippines’ commitment to establishing a nursery program for seedling production in support of the Green Philippines Master Plan. Austal has partnered with the local zone developer in maintaining the nursery. These seedlings are to be utilized for tree planting activities to compensate the removal of vegetation caused by the development in the Philippines.

Tree planting activity at Cebu in the Philippines
Vietnam

- Austal commenced operations in Vietnam in 2018. Noting that Vietnam is recognised as a source country for human trafficking, Austal is partnering with a locally-based organisation called the Pacific Links Foundation (http://pacificlinks.org/) to better understand how Austal (as a business operating in Vietnam and potentially more broadly) can assist in preventing human trafficking trade.

United States

- **Austral USA receives Second Chance Award**

  The United States Department of Justice hosted its National Re-Entry Week and the United States Attorney General visited Mobile. Austral USA received an award for its role in hiring formerly incarcerated individuals and giving them a second chance. Austral USA has a partnership locally with Keeton Corrections, which has been dedicated to helping clients productively re-enter their communities for over 36 years. The award gives Austral USA national attention for supporting a very important initiative of the United States Department of Justice.

- **Mobile County Public School System (MCPSS) “It Starts With Us” Award**

  Austral USA received the MCPSS highest honour as Partner of the Year. Austral USA has collaborated with public schools in south Alabama to provide training and employment opportunities for students. Austral USA offers internships, pre-apprenticeships for local students and is the lead partner in the Williamson High School Maritime Academy.

![Don Keeler, VP of HR accepting award from MCPSS with Ronnie Ford & Rudy Smith, Austral Instructors](image1.jpg)

Don Keeler, VP of HR accepting award from MCPSS with Ronnie Ford & Rudy Smith, Austral Instructors

![High School Students participating in Austal’s Pre-Apprenticeship Program March 2019](image2.jpg)

High School Students participating in Austal’s Pre-Apprenticeship Program March 2019
• **Get on the Bus - The Torchbearer Bus Tour**

Austral USA attends the annual Mobile County Public School Systems (MCPSS) Torchbearer Bus Tour. This event offers business and industry and community leaders an opportunity to visit some of the elementary schools in Mobile County that have received the Torchbearer Certification. This certification recognizes schools in rural and lower poverty communities that have overcome many challenges improving the educational opportunities for all the students in their community.

• **Upskill America**

Austral USA was one of 100 U.S. employers invited to attend the Upskill America event at the White House in Washington D.C. We were selected in light of our commitment to work with community colleges to develop or expand partnerships to better train frontline workers allowing them the potential to earn more and advance in their careers. We were able to discuss and share practices to better train front-line workers, which ranged from more formal apprenticeships to developing closer ties with postsecondary institutions, including community colleges.

• **Project Hope Reentry Task Force**

Austral USA serves on the Project Hope Reentry Task Force, along with a number of other community leaders. Following recent legislation being passed, the Alabama Board of Pardons and Paroles was asked to form regional task forces to coordinate statewide planning to reduce inmate recidivism. The Project Hope Reentry Task Force for Southwest Alabama is charged with responsibility for developing a strategic plan that sets annual goals and measurable outcomes to reduce the rate of recidivism by 50% over five years and concomitantly increase public safety and promote economic and community development.

![Don Keeler, Austral VP of HR Accepting 2nd Chance Award from the US Department of Justice](image)

• **Alabama Department of Rehabilitation Services (ADRS)**

Austral USA has a strong partnership with ADRS. The main objective of this partnership is to create a pipeline of potential employees that have documented disabilities that qualify for opportunities at Austral. ADRS has two programs that can support training. This partnership allows potential employees training and evaluation opportunities at the Maritime Training Center for up to 3 months pre-hire.

• **Mobile Project Homeless Connect**

Austral USA participates in yearly employment workshops with members of Mobile’s homeless community in partnership with Mobile Project Homeless Connect. The homeless connect project is designed to provide needed services, legal assistance, dental and vision screening, and access to housing assistance and
mainstream resources (food stamps, state IDs, Social Security Cards, etc.). This community event includes government agencies, academia, health care facilities, faith based organizations, transportation, law enforcement/court, United Way, businesses, workforce development and other nonprofit agencies together to provide necessary services for the homeless in our community, at no cost to them.

Employment Workshop for the Homeless January 2018 and January 2019

- **National Fund for Workforce Solutions (NFFWS)**
  The NFFWS in partnership with the National Skills Coalition (NSC) invited Austal to speak at a Congressional Briefing in Washington, D.C. The purpose of the briefing was to convey how valuable direct employer engagement is to workforce development in an effort to gain continued legislative support for industry partnerships and funding for career technical education. The NFFWS and the National Skills Coalition (NSC) consider Austal to have one of the most successful workforce partnerships in the nation. Austal USA representatives shared the influence Austal’s partnership with the State of Alabama and its investment in the Maritime Training Center has had on its success in developing a strong workforce development system.

- **Austral USA’s corporate giving program provides funding for key state and local community initiatives targeting STEAM (science/technology/engineering/arts/math), economic development, social programs targeting youth development, health and fitness both preventive and recovery, the homeless, aid to military families and our veterans.**

- **State Workforce Development Board** – Austral USA holds a Governor appointed position on the Workforce Development Board, a division of the Alabama Department of Commerce. The Board is responsible for delivering the following key workforce priorities:
  - Maximize efficiency, effectiveness, and responsiveness of the Alabama Career Center System.
  - Ensure that workforce development programs and services are aligned with current and future needs of job seekers and employers.
  - Increase the number of skilled workers in Alabama’s labor pool.

- **Alabama Workforce Council (AWC)**
  Austral holds a Governor appointed position on the Alabama Workforce Council. This position allows Austral to serve as an industry voice pushing to strengthen the state’s workforce development efforts and to ensure that out labor force remains viable. The AWC is dedicated to creating better opportunities to spur growth and investment in the state’s economy. Council members engage in conversation, research and deliberation to develop new recommendations that further our goal of improving educational outcomes, expanding workforce opportunities, and promoting economic development.
Key Issues – Governance

General governance overview
Austal, its Board of Directors (Board) and senior management are committed to the best practices of corporate governance, ethical standards and risk management and have published a Corporate Governance Statement on the company’s website: www.austal.com

The Corporate Governance Statement provides more detail on Austal’s governance objectives and measures, and is structured with reference to the ASX Corporate Governance Council’s Principles and Recommendations, which are as follows:

1. Lay solid foundations for management and oversight
2. Structure the board to add value
3. Act ethically and responsibly
4. Safeguard integrity in corporate reporting
5. Make timely and balanced disclosure
6. Respect the rights of security holders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

In addition, Austal has adopted the following corporate governance policies, all of which are available for review on Austal’s website:

- Policy and procedure for the selection and appointment of Directors to the Board
- Directors Code of Conduct
- Policy Statement
- Nomination and Remuneration Committee Charter
- Audit and Risk Management Committee Charter
- Continuous Disclosure Policy and Procedures
- Austal Share Trading Policy
- Equity and Diversity Policy