# Austal Limited
## Environmental, Social and Governance (ESG) Report

**2024**

AUSTAL

# Contents

# Letter from the CEO

**As we celebrate Austal's 36 years of excellence, the Company stands proud as a global leader in the shipbuilding and defence sectors.**

Over the years, we have grown to become a premier shipbuilding partner for navies and commercial operators. We were the first foreign-owned prime contractor in the United States to design, construct, and sustain ships for the US Navy, and our continued growth and presence in the US market is evidence of our continued success. Our advancements in autonomous capability further reinforce our leadership in the industry. The successful completion of the Australian Patrol Boat Autonomy Trial and our work with the US Navy's Overlord Unmanned Surface Vessel program highlight our unwavering commitment to innovation and collaboration with industry partners, governments and the military. These achievements align with our strategic priorities under the Growth Strategy 2050: Expand Shipbuilding, Enhance Systems, and Extend Support.

Austal's success extends beyond the ships we construct. Our success encompasses the relationships we build with stakeholders, the innovative technology we pioneer and the environmental, social and governance commitments we uphold. As we look to the future, we recognise the profound impact of global megatrends, including the accelerating shift toward climate action, technological innovation and sustainable development. Climate change presents both challenges and opportunities for our industry. At Austal, we are committed to integrating cutting-edge technologies such as alternative fuels, energy-efficient designs and autonomous systems into our products. We are particularly proud of our latest project with VELA, where Austal Australasia will design and construct a 66.8 metre aluminium cargo trimaran powered 100% by wind. This vessel exemplifies our focus on innovation and sustainability, reducing environmental impact while enhancing maritime transport.

At the core of Austal's success are our values — Customer Focus, Integrity, Excellence and Teamwork. These principles guide everything we do, from our interactions with customers and suppliers to how we treat and value our people. Health and safety, diversity, training and education, environmental stewardship, and performance excellence remain our top priorities as we continue to deliver on our commitments and exceed expectations.

This ESG Report 2024 highlights how our initiatives are paving the way for a more sustainable future. As we continue this journey, I am confident that Austal will not only meet the challenges ahead but thrive in them.

PADDY GREGG
Austal Chief Executive Officer

# FY24 Sustainability Highlights



Signed a contract with VELA to design and construct a 66-metre 100% wind-powered cargo trimaran

Successfully completed the Australian Patrol Boat Autonomy Trial Sea Acceptance Trials

Developed Health, Safety and Environmental Strategic Priorities 2024-27

## Greenhouse gases (GHG) emissions reduction goals[1]

**By 2030**
$CO_2$
**50%** reduction of embodied emissions (Scope 1, 2 and 3-upstream)

**NET ZERO**
**By 2050**
A **Net Zero** commitment consistent with **Science Based Targets**

---

[1] Our ability to achieve these goals is subject to the availability of low carbon solutions in the market and the pace of technological advancement.

[2] Based upon 1,000,000 hours worked.

# About Austal

Austal[1] is a global shipbuilder, defence prime contractor and maritime technology partner of choice.

Celebrating 36 years of shipbuilding in FY2024, Austal has continued to grow into a position of strength, expertise and capability in the global maritime industry; delivering multiple defence and commercial shipbuilding programs, in-service support and sustainment programs, and cutting-edge technologies for customers around the world.

Austal's global headquarters is in Henderson, Western Australia, where we began operations in 1988. The Company is listed on the Australian Stock Exchange and trades under the ASX code "ASB".



Since 1988, Austal has contracted more than 370 vessels for 122 operators in 59 countries and employs more than 4,300 staff worldwide.

## Austal products and services

Austal has grown to become one of the world's leading integrated designer-builders of naval and commercial vessels, in both steel and aluminium. Austal has successfully designed, constructed and delivered monohull, catamaran, and trimaran commercial vessel platforms, including the world's largest trimaran ferry and multiple defence programs, such as the Littoral Combat Ship and Expeditionary Fast Transport for the United States Navy. Austal is a trusted foreign-owned prime contractor designing, constructing and sustaining ships for the US Navy. The recent awards of the Towage, Salvage and Rescue Ship (T-ATS) program for US Navy and the Offshore Patrol Cutter (OPC) program for the US Coast Guard confirm our continued presence as a leading shipbuilder in that region.

## Austal Shipyards, Service Centres and Offices



- ■ SHIPYARDS
- ■ SERVICE CENTRES AND OFFICES

UK
London
Charlottesville
Washington D.C.
San Diego
USA
Mobile
Port of Spain
Trinidad and Tobago
Vung Tau
Vietnam
Balamban
Philippines
Singapore
Darwin
Cairns
Australia
Brisbane
Henderson (Perth)
Canberra



■ **AUSTAL USA**
MOBILE, USA

■ **AUSTAL AUSTRALIA**
HENDERSON, AUSTRALIA

■ **AUSTAL PHILIPPINES**
BALAMBAN, PHILIPPINES

■ **AUSTAL VIETNAM**
VUNG TAU, VIETNAM

---

[1] In this report, the terms "Austal", the "Company", "we", "us", "our" and "ourselves" refer to Austal and its entities as a whole.

## Austal's growth strategy



**GROWTH STRATEGY 2050**

To address risks and capture potential opportunities, Austal has formulated its Growth Strategy 2050 which includes three strategic priorities: "Expand Shipbuilding", "Enhance Systems" and "Extend Support".
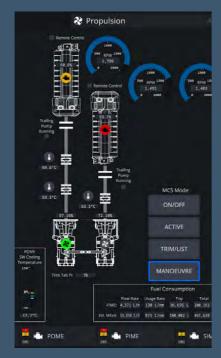


EXPANDING **SHIPBUILDING**  ENHANCING **SYSTEMS**  EXTENDING **SUPPORT**

### Strategic Priorities



#### EXPAND SHIPBUILDING

EXPAND our shipbuilding capabilities to be a world leading designer and builder, in both steel and aluminium, of large, complex naval and commercial vessels, including autonomous naval ships and zero emission fast ferries.

#### ENHANCE SYSTEMS

ENHANCE our systems and digital products to become Australia's sovereign supplier of naval vessel systems, the global leader in fleet life cycle management solutions for complex assets and a regional champion of industry 4.0 in shipbuilding.

#### EXTEND SUPPORT

EXTEND our support and sustainment services to become the leading Indo-Pacific regional supplier to the US Navy and the Australian Commonwealth across all Defence domains and regional navies wherever Austal has a shipyard presence.

---

Our three **strategic priorities** are supported by our **strategic enablers:**



### SAFETY

Keeping our people **Safe** at all times and making safety a way of life in our workplace



### SECURITY

Modernising our systems and ensuring our data is **Secure.**



### PEOPLE

Developing the capabilities of our **People** and ensuring we live the Austal values.



### RELATIONSHIPS

Fostering collaborative **Relationships** with our customers and suppliers.



### TECHNOLOGY

Leveraging our **Technology**, Intellectual Property and new digital products for differentiation.



### PERFORMANCE

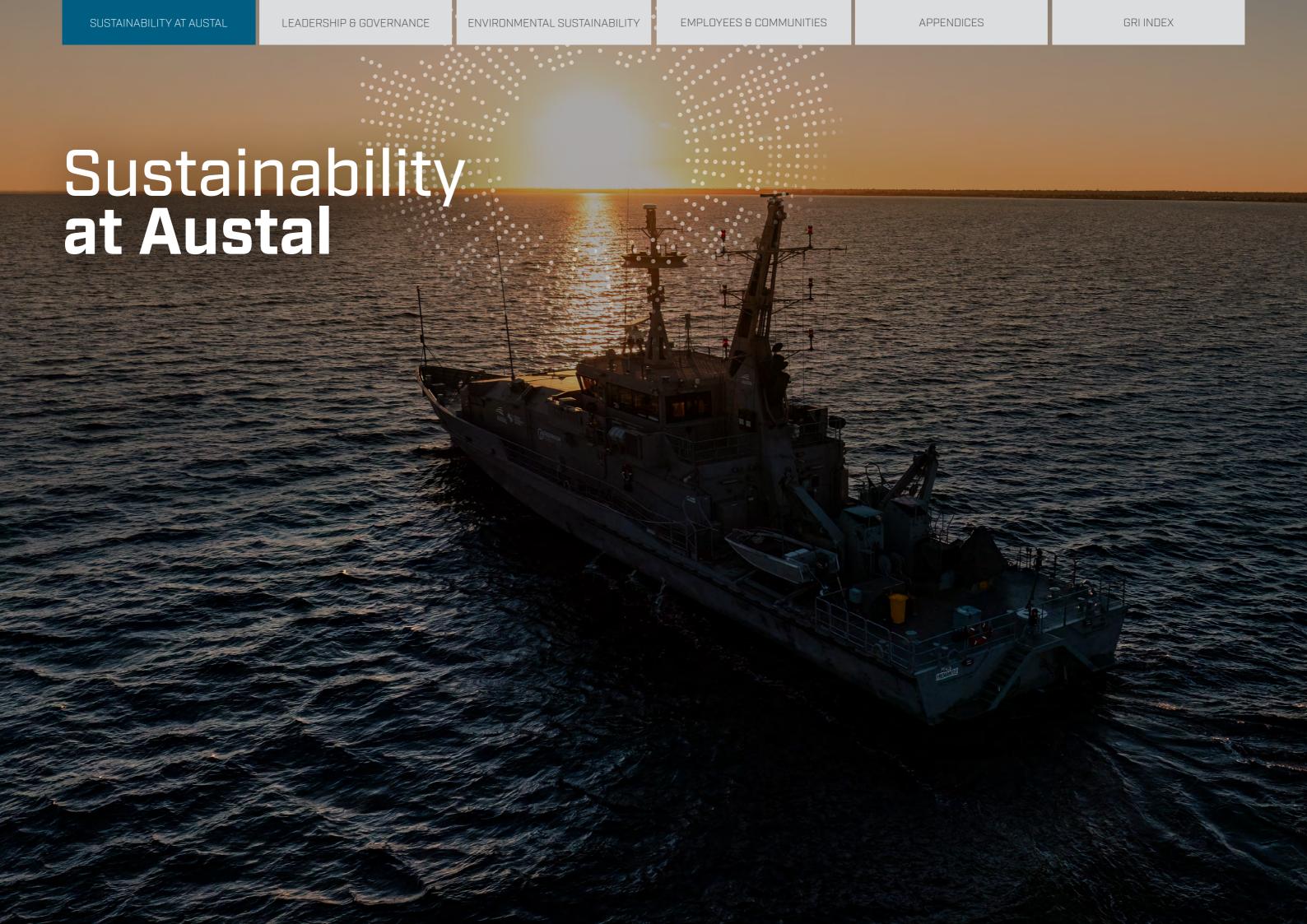Delivering on our commitments and exceeding customer expectations through **Performance** excellence.

# The Austal Values

**Austal, together with its Board of Directors and senior management, prioritises best practices in corporate governance, ethical standards, social responsibility and risk management.**

Approved by the Board, Austal's Value Statement is implemented across the business by the senior executive team. This involves delivering training on the values to all employees and ensuring that senior executives consistently reference and reinforce these values in their interactions with staff.

## Customer Focus

**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.**

## Excellence

**Every day we aim to be the best at what we do.**

**We look for ways to improve customer relationships, designs, productivity, and safety and quality.**

## Teamwork

**We achieve more as a team than as individuals.**

**We value each other's contribution.**

**We all have a role to play in Austal's ongoing success.**

# Sustainability at Austal

# Climate Change and the Maritime Industry

**Climate change presents both challenges and opportunities which affect the maritime industry and Austal. The global shift toward decarbonisation presents a chance for Austal to innovate, capitalise on emerging technologies and lead in sustainable practices as new regulations and societal expectations take shape.**
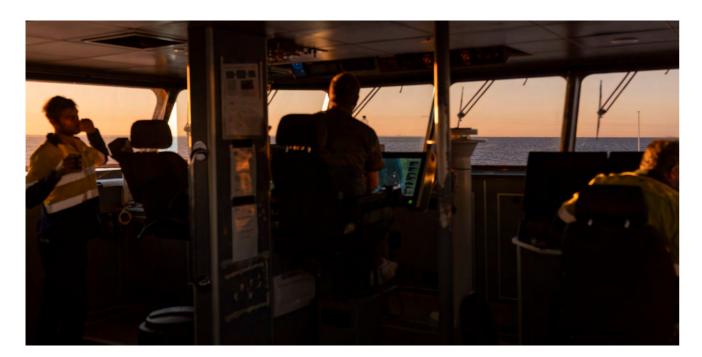
While the transition to a low carbon economy does present regulatory obligations and additional costs of compliance to Austal, it also affords Austal with a strategic opportunity to enhance our competitive edge. As the demand by our naval and commercial customers for more energy-efficient vessels grows, Austal's commitment to integrating technologies and innovation, such as alternative fuels, energy-efficient designs and autonomous systems, positions the company as a leader in this evolving market.

Austal is monitoring five key influences, strategically "leaning in" where practical to positively influence change in the maritime industry:

- **Legislation:** the "2023 International Maritime Organisation (IMO) Strategy on Reduction of GHG Emissions from Ships" includes ambitious goal of achieving net-zero GHG emissions from international shipping by 2050 and promoting the adoption of alternative fuels by 2030. This underscores the urgency of reducing emissions in maritime transport.
- **Financial:** factors including reduced liquidity and a growing emphasis on low-GHG products and services in the market, are driving vessel owners and operators to align their funding strategies with GHG reduction goals.

- **Supporting infrastructure:** as the maritime sector evolves with new technologies, there is an increased need for infrastructure investment (particularly in ports) to support the recharging of onboard electricity storage and the safe handling of alternative liquid and gaseous fuels.
- **Energy Availability:** decarbonisation is occurring across all sectors of the economy and society, and there is a finite amount of low carbon energy able to be produced. The amount of this low carbon energy that can be allocated to Austal's commercial market segment (high speed ferries) is finite and will remain a significant constraint over the next decade.
- **Societal expectations and supporting customer strategies:** stakeholders and the general public are increasingly demanding products and services with reduced carbon footprints, as well as driving policy changes and corporate actions toward sustainability. Austal's customers are also increasingly looking for ways to make their operations more sustainable and Austal works closely with them in developing solutions to meet these objectives.
- **Supporting technology:** Advances in autonomy, automation, and other technological breakthroughs are paving the way for more efficient operations at sea and in shipyards, contributing to the decarbonisation efforts.

This report addresses Austal's response to shaping the future of our business through main chapters: Environmental Sustainability, Employees & Communities and Governance & Business Ethics.



# Leading in Autonomous Capability

**In today's fast-paced technological environment, Austal continues to advance its autonomous capabilities as a key objective to maintain its leadership position in the industry.**

Autonomous vessel capability has been identified as an area of strategic importance by the US Navy. Austal USA is one of six of US Defence contractors who have been engaged to undertake the concept design for the US Navy's Large Unmanned Surface Vessels, which involves a prototype of an unmanned ship that is capable of semi-autonomous operation. Austal USA has partnered with L3Harris Technologies in the United States to deliver autonomous capabilities. Austal USA has been working to advance its autonomous capability with the ongoing development of the US Navy's Overlord Unmanned Surface Vehicle ("OUSV") program, which includes the 60-metre modified crewboat design Vanguard OUSV and Mariner OUSVs. In January 2024, Austal launched the US Navy's newest Overlord Unmanned Surface Vessel Vanguard (OUSV3).

## Successful completion of the Australian Patrol Boat Autonomy Trial Sea Acceptance Trials

Austal Australia, in collaboration with Greenroom Robotics, Trusted Autonomous Systems, and the Royal Australian Navy's Warfare Innovation Navy (WIN) Branch, has reached a significant milestone in maritime innovation. The successful completion of Sea Acceptance Trials (including Endurance Trials) for the Patrol Boat Autonomy Trial (PBAT) project showcases the potential for autonomous naval operations in Australia's future fleet.

The PBAT project began in 2022 when Austal Australia took possession of the decommissioned HMAS Maitland, renamed 'Sentinel,' from the Commonwealth of Australia. The vessel, measuring 57 meters in length, was modified to incorporate remote and autonomous operational capabilities. An autonomous control system, GAMA, was installed was to enable the Sentinel to navigate and operate independently, using advanced sensors and computer units to inform decision-making and control the vessel's movements during remote and autonomous operations.

During March and April 2024, a series of remote and autonomous navigation trials were conducted off the Western Australian coastline. The trials were significant as they tested the Sentinel's ability to operate remotely and autonomously, demonstrating the effectiveness of the GAMA software in real-world conditions. It has successfully validated the capabilities of locally developed autonomous systems






integrated within a full-size, Australian-made naval vessel.

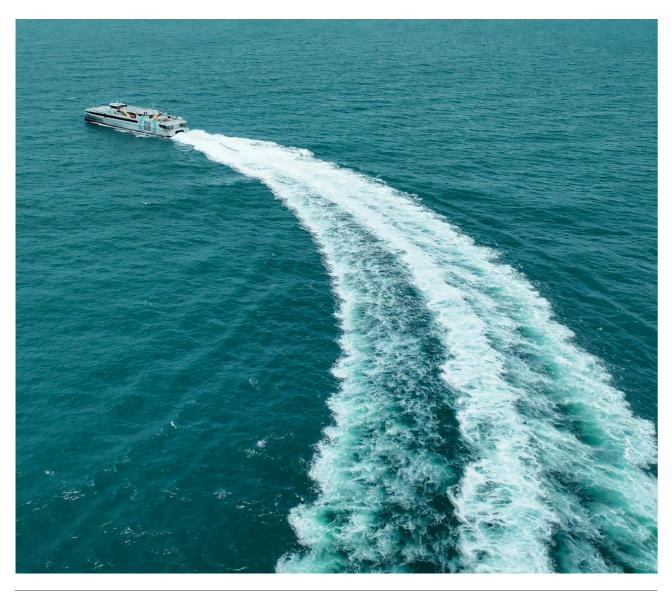The PBAT project is a prime example of successful collaboration between industry, government, and the military.

Video of the sea acceptance trials is available for viewing at Austal's YouTube channel.

## Sustainability Governance

**The Austal Board is responsible for overseeing the Company's ESG strategies and performance. A dedicated Sustainability Committee is in place to systematically manage and report ESG matters.**

Austal's cross-departmental Sustainability Committee meets regularly to discuss ESG strategies, policies, material topics and practices. Roles, membership, meeting frequency and reporting mechanisms are defined in the Sustainability Committee Terms of Reference. The Sustainability Committee reports key findings and recommendations to the Board-level Audit & Risk Committee. In FY24, the Sustainability Committee held quarterly meetings to discuss matters such as material topics, GHG emissions reduction activities, employees and communities matters, occupational health and safety targets, modern slavery initiatives.

Board of Directors
— Audit & Risk Committee
— Nomination & Remuneration Committee
— Sustainability Committee (Senior Management)
— Supply Chain Working Group
— Sales & R&D Working Group

## Stakeholder engagement and Materiality Assessment

At Austal, we recognise the importance of identifying, prioritising and managing our ESG impact on an ongoing basis. To align our efforts with stakeholder expectations, we engaged internal and external stakeholders to identify and prioritise ESG topics in a stakeholder survey in FY24. Referencing GRI Standards 2021, a materiality assessment was undertaken to assess the significance of our impacts on the economy, environment and people. Our approach to the materiality assessment is shown below:

**Identification**

We reviewed the FY21 material topics and identified ESG topics which may include our most significant outward impacts on the economy, environment and people. A list of ESG topics was formulated for prioritisation.

**Prioritisation**

We invited internal and external stakeholders, including Austal Board members, Austal employees, customers, suppliers, contractors and community organisations, to rate the importance of sustainability issues to Austal. We received 575 responses, a large proportion of which comprised of employee feedback representing all geographic locations. We also sought stakeholders' views on our sustainability performance for continuous improvement. A list of prioritised topics was developed to indicate the material topics. We also identified watchlist topics which have the potential to be elevated to material topics in the future.
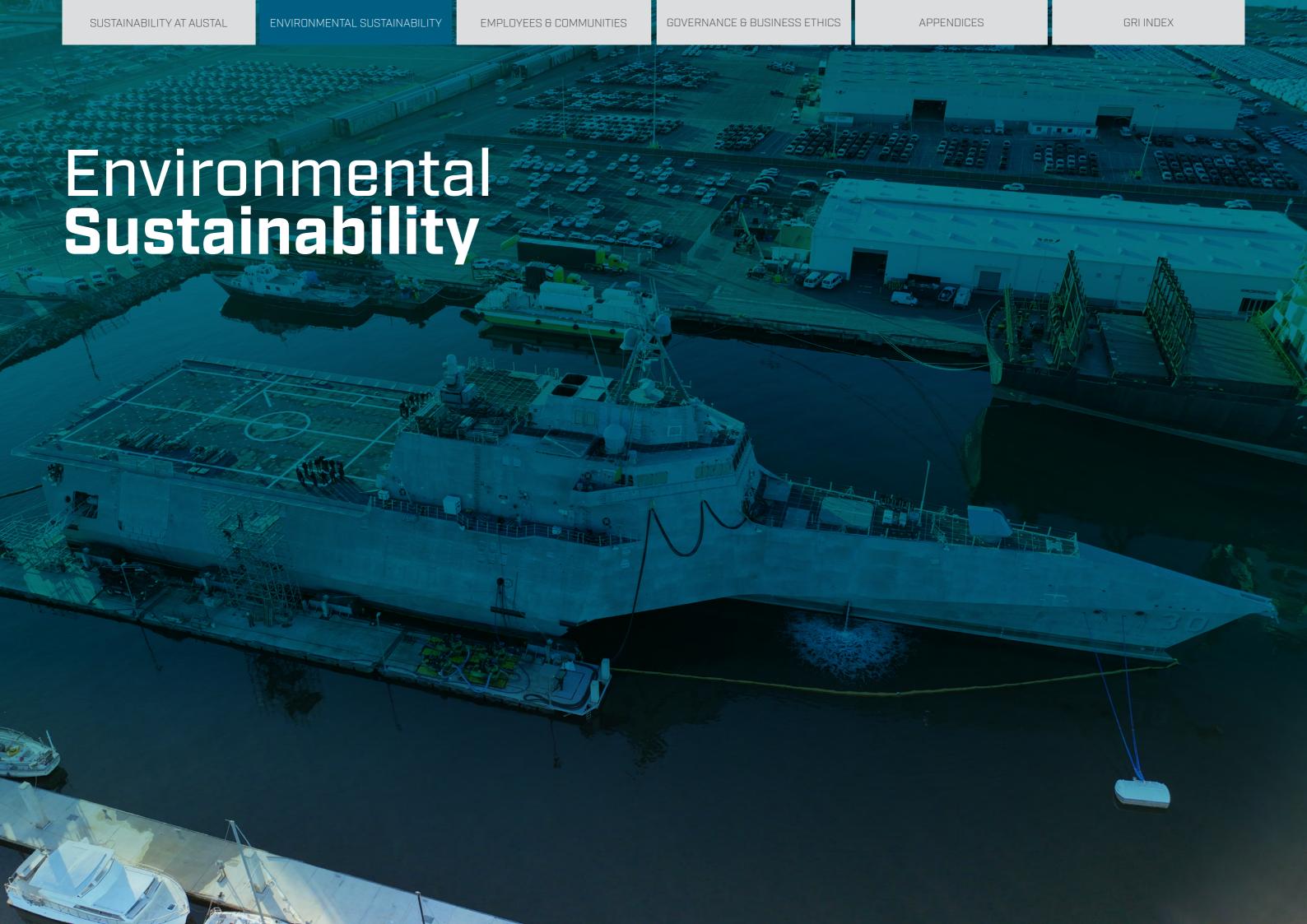
**Validation**

A validation workshop was held with the Sustainability Committee to confirm the material topics. Findings were subsequently presented to the Audit & Risk Committee.

Material topics and watchlist topics identified are presented in the table below.

| Environment | Social | Governance |
|---|---|---|
| **Material topics** | | |
| » Energy use | » Cyber security | » Business conduct, ethics and compliance |
| » Waste management | » Occupational health and safety | » Risk management |
| » Product sustainability | » Training and development | » Supply chain governance |
| **Watchlist topics** | | |
| » Biodiversity | » Diversity and inclusion | » Human rights |
| » Climate change | » Local community impacts | |
| » Water management | » Product safety | |
| » Material used | | |

# Environmental
# Sustainability

# Environmental Sustainability

## Management Approach

**Austal is committed to integrating environmental stewardship across all aspects of its operations, with dedicated teams and management systems in place to promote responsible practices and align with internationally recognised standards.**

Our Austal operational sites are supported by dedicated Health, Safety and Environmental teams that maintain regulatory compliance, implement industry best practices and promote a culture of safety and sustainability across operations. Austal's Research and Development teams devise climate-related strategies and environmental stewardship opportunities throughout the vessel production process and the product itself. Our Supply Chain team plays a critical role in sourcing materials that align with our low emissions reduction goals.

Most of our sites in Australia are certified with ISO 14001 Environmental Management Systems, integrated within the Austal Business Management System. For more information about ISO Certification in various locations, please refer to our Appendices and Austal's website.

Austal Australasia's Environmental Policy outlines its commitments to best practices in environmental management. The principles that underpin our environmental commitments include:

» Environmental sustainability presents opportunities for Austal our customers and stakeholders.

» Environmental management should be integrated into our everyday operations.

» Natural resources should be conserved where possible, by reusing and recycling materials.

» Positive actions taken through caring for the environment means proactively preventing harm.

We look at environmental management through two lenses:

### OPERATIONS

» We are looking to find efficiencies within our operations and manage risks associated with energy use, waste, pollution and water management.

### PRODUCTS

» We are committed to improving the sustainability of our products, from the assessment of materials we use for production, to fuel efficiency and reduction in greenhouse gas emissions.

» We are looking at reviewing the environmental impact of our products throughout their lifecycle to assess footprints and find efficiencies.

Our sites in the US follow United States Environmental Protection Agency requirements, along with any other nationwide, State, County or City environmental regulations. The US also has its own Environmental Policy.

## Climate Change

Climate change poses both risks and opportunities for businesses. Though climate change can disrupt businesses through extreme weather events, regulatory shifts and change in market demands, it also creates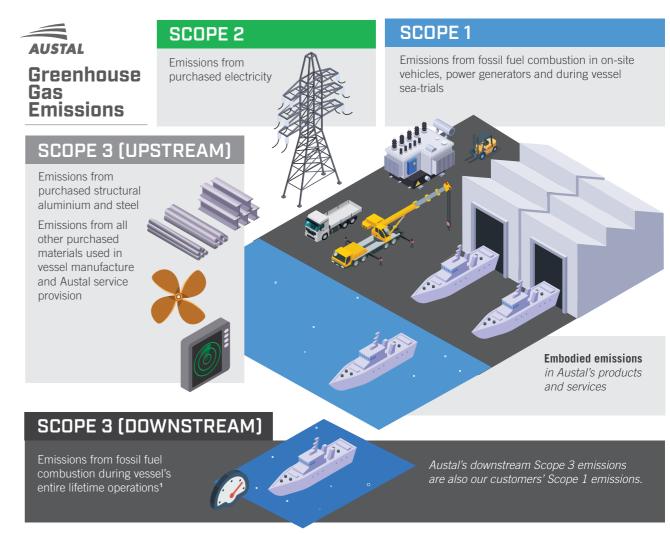 opportunities for innovation and growth. Austal addresses climate-related risks and invests in research and development with an aim to gain competitive edge, tap into new technologies and drive long-term value.

## Greenhouse Gas Emissions Profile

Austal tracks its Scope 1, 2 and 3 GHG emissions on an annual basis. Our reporting scope of GHG emissions covers our global operations, encompassing Australia, Philippines, Vietnam and the United States.

The detailed approach and methodologies we have taken in calculating GHG emissions for this financial year is included in the Appendices.



**AUSTAL Greenhouse Gas Emissions**

**SCOPE 2** Emissions from purchased electricity

**SCOPE 1** Emissions from fossil fuel combustion in on-site vehicles, power generators and during vessel sea-trials

**SCOPE 3 (UPSTREAM)** Emissions from purchased structural aluminium and steel. Emissions from all other purchased materials used in vessel manufacture and Austal service provision

**Embodied emissions** in Austal's products and services

**SCOPE 3 (DOWNSTREAM)** Emissions from fossil fuel combustion during vessel's entire lifetime operations[1]

Austal's downstream Scope 3 emissions are also our customers' Scope 1 emissions.

**The majority of Austal's GHG footprint in the manufacture and delivery of its products and services are emissions associated with:**

Aluminium and steel incorporated into Austal's vessels

All the other equipment and materials incorporated into the vessels produced

Electricity used across our operational sites
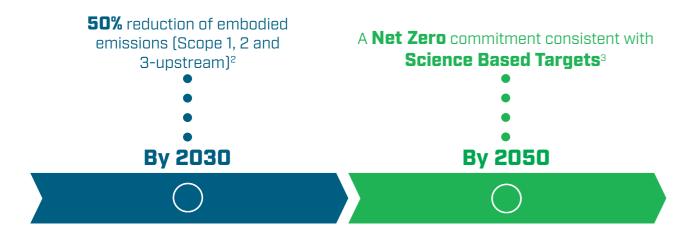
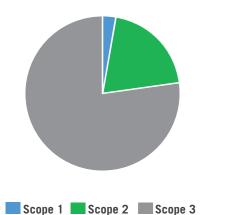Fuel consumed during sea trials

Fuel consumed during delivery voyages

---

[1] Please refer to Appendix – GHG Emissions – Methodology and Assumptions.

## Greenhouse Gas Emissions Ambition

In FY22, Austal established GHG emissions reduction goals[1] to enhance climate resilience and support the transition to a low-carbon economy.
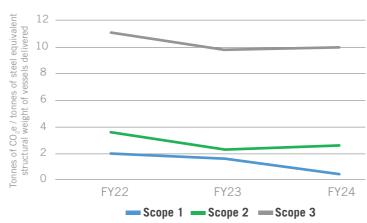
**50%** reduction of embodied emissions (Scope 1, 2 and 3-upstream)[2]

**By 2030**

A **Net Zero** commitment consistent with **Science Based Targets**[3]

**By 2050**

### FY24 GHG Emissions (tCO$_2$e)
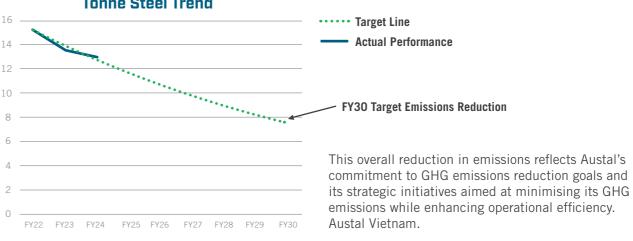


- Scope 1
- Scope 2
- Scope 3

Scope 3 upstream emissions have the largest share, reflecting significant emissions from material sourcing. Scope 2 emissions from purchased electricity follow, highlighting the carbon footprint of energy consumption. Scope 1 emissions from fuel consumed has the smallest contribution. This suggests that material sourcing, particularly aluminium and steel, has the highest impact, while direct fuel consumption is comparatively minimal.

### Scope 1, 2 and 3 emissions (intensity)



Tonnes of CO$_2$e / tonnes of steel equivalent structural weight of vessels delivered

- Scope 1
- Scope 2
- Scope 3

In FY24, Scope 1 emissions (intensity) have notably decreased due to a substantial reduction in the number of vessel sea trials conducted in Austal USA and Austal Philippines. Austal USA has increased its renewable energy usage to 49% of its total energy consumption. Despite a 20% increase in electricity consumption due to increased shipbuilding activity, this shift towards renewables has played a key role in lowering the total Scope 2 emissions. Total Scope 3 emissions saw a decline as fewer vessels were delivered from Austal USA, Austal Philippines and Austal Vietnam.

[1] Our ability to achieve these goals is subject to the availability of low carbon solutions in the market and the pace of technological advancement.

[2] The target includes embodied carbon emissions of the vessels Austal builds from a FY21 baseline.

[3] Science Based Targets is driven by the Science Based Targets initiative, an international coalition of non-profit organisations and businesses promoting best practices for emissions reduction in line with the Paris Agreement, which aims to limit global warming to 1.5°C.

### FY24 Total Emissions per Tonne Steel Trend



- ····· Target Line
- —— Actual Performance

FY30 Target Emissions Reduction

This overall reduction in emissions reflects Austal's commitment to GHG emissions reduction goals and its strategic initiatives aimed at minimising its GHG emissions while enhancing operational efficiency. Austal Vietnam.

## Climate risks and opportunities

In FY23, Austal conducted a climate risk assessment to evaluate climate-related risks and opportunities. The Sustainability Committee participated in a workshop to identify and assess risks and opportunities across categories including policy, technology, market, reputation and physical impacts. Opportunities in resource efficiency, energy sources, products, markets and resilience were also evaluated. Climate risks were prioritised using Austal's Enterprise Risk Management Framework to determine overall risk ratings. The key climate risks and opportunities that could affect our business are summarised in the table below.

| Climate Risks | Short term | Medium term | Long term |
|---|:---:|:---:|:---:|
| **Transition risks** | | | |
| Changing product requirements | ✖ | ✖ | ✖ |
| Costs to transition to lower emissions technology | | ✖ | ✖ |
| New carbon tax border payments on products | ✖ | ✖ | |
| Uncertainty in market signals, inability to meet changing customer requirements | ✖ | ✖ | |
| Uncertainty in technology pathways, energy and materials | ✖ | ✖ | ✖ |
| **Physical risks** | | | |
| Typhoons/Super storms (particularly in the Philippines and Mobile) | ✖ | ✖ | ✖ |
| **Opportunities** | | | |
| Carbon tax incentivising spend on new technologies and vessels for customers | | ✖ | ✖ |
| Development of new products and services through Research & Development and innovation. Growth and entry into new markets as a differentiator. | | ✖ | ✖ |

## Reducing Austal's GHG emissions

**Austal is pursuing various initiatives to reduce its carbon footprint and the lifecycle GHG emissions intensity of its products.**

Austal's approach to reducing GHG emissions includes the investigation, implementation or potential application of the following initiatives:



### Scope 1

» Adopting greater use of simulation to improve overall efficiency of vessels and reduce duration of sea trials.
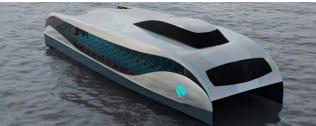


### Scope 2

» Implementing energy efficiency programs to reduce electricity use in shipyards.

» Installing solar power in shipyards to generate renewable electricity on-site.

» Purchasing renewable electricity for remaining power demand.



### Scope 3 Upstream

» Purchasing "green aluminium" produced from renewable electricity from suppliers incorporating higher quantities of recycled aluminium.

» Increasing share of steel vessel build and/or source low carbon aluminium.

» Selectively sourcing major equipment and materials from suppliers with lower carbon emissions.



### Scope 3 Downstream

» Designing a range of low and zero carbon emissions vessels, including expanding the size, speed and range of battery electric vessels and utilising "green hydrogen" or other renewably sourced fuels, such as ammonia, methanol and hybrid combinations.

» Improving the efficiency of Austal's diesel powered vessels through ongoing engineering and research and development efforts to reduce the weight and improve the resistance through water.

» Developing the MARINELINK data analytics and machine learning system to provide real time, vessel-specific optimization advice to crews to reduce fuel consumption as well as improve passenger comfort.

Austal is also considering upgrade options that could be offered to existing vessel customers, once we have designed and proven the integration of effective battery, hybrid, or alternative fuel powertrains.

We will collaborate with suppliers and customers to design and build more efficient vessels and provide new integrated solutions. These efforts include vessel design, equipment, and shore-based infrastructure for battery recharging and alternative fuel refuelling. The design, engineering, and financing complexities surpass those of traditional diesel-powered boats. Austal is uniquely positioned to help customers tackle these challenges and reduce their Scope 1 emissions, ultimately enabling Austal to decrease our Scope 3 downstream emissions.

### Designing hydrogen powered vessels

Exploring alternatives to conventional fossil fuel-powered vessels is essential during the energy transition. An example of Austal's continued commitment to progressing this transition is the agreement between Austal Australia and Rederi AB Gotland of Sweden. We have entered into an agreement for Austal to design the Gotland Horizon X, a 130-metre catamaran that will be able to operate on hydrogen and other fossil-free fuels and will be used in the traffic between the Swedish mainland and the island of Gotland. The vessel will have capacity for 1,500 passengers



and 450 vehicles and run at speeds of up to 30 knots.

This is another demonstration of Austal's commitment to designing, building and sustaining future-ready fast ferries.

### 66-metre 100% wind-powered cargo trimaran



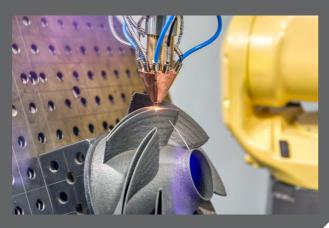Austal has embarked on a project that exemplifies innovation and sustainability in maritime transport. In 2024, Austal Australasia was contracted by VELA, designer and operator of new-generation sailing cargo vessels, to design and construct a 66.8-metre aluminium cargo trimaran. The trimaran will be capable of transporting high-value goods across the Atlantic Ocean using 100% wind power, drastically reducing its carbon footprint compared to conventional diesel-powered cargo ships. The vessel's shallow draft allows it to access secondary ports, minimising the need for additional transportation infrastructure and reducing the environmental impact on coastal areas. Austal's selection as the shipbuilder for this pioneering vessel underscores our expertise in trimaran design and construction, as well as our commitment to sustainable maritime solutions. The project is scheduled for delivery in mid-2026, marking a significant milestone in Austal's portfolio and reinforcing our position as a leader in innovative shipbuilding.

## Scaling up additive manufacturing in the USA

Additive Manufacturing, also known as 3D printing, offers innovative solutions for producing complex parts with reduced material waste and shorter lead times. Austal USA is pioneering the use of Additive Manufacturing at scale for maritime applications, focusing on replacing traditional castings, forgings and fittings in the supply chain. Generative AI tools are being integrated into the processes to enhance energy efficiency and performance. Through the adoption of advanced technologies, we can achieve significant energy savings and waste reduction.

# Materials Used in Our Products

The assembling of an Austal vessel is complex and combines structural elements such as aluminium and steel with an extensive array of fabricated and sourced components. These range from electrical wiring, fuel systems and engines to HVAC systems, seating, windows and essential amenities.

When sourcing materials for our vessels, we prioritise longevity, durability, and repairability to ensuring that each product meets high standards of quality, efficiency, and long-term performance. Our aim is to manufacture vessels that are highly economical and sustainable over their lifecycle (which usually ranges between 20 – 30 years). For instance, in Austal USA over 50% of steel billet made is sourced from post-consumer or industrial recycled scrap.

## Aluminium

Austal is the world's largest manufacturer of large aluminium vessels. Aluminium offers a strong, lightweight and durable solution, making it ideal for high-speed vessels. Compared to steel hulls, aluminium improves fuel efficiency, resulting in much lower fuel consumption for vessels of similar size traveling at the same speed.

Aluminium suffers from little to no corrosion. Marine grade aluminium ensures that protective coatings are not required on all hull surfaces, limiting materials used for the construction of our ships. Correctly designed aluminium structures will operate effectively for up to 30 years without any structural issues or the need for a single coat of paint. Furthermore, aluminium is highly economical to recycle.
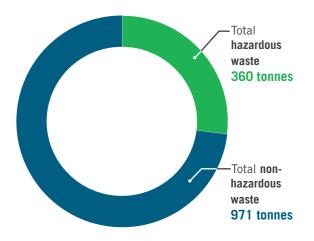
We recognise however, that producing aluminium is energy intensive when compared with steel. Such environmental impact is accounted for in our upstream Scope 3 GHG emissions while the benefit of lower weight aluminium in reducing diesel consumption is reflected in our downstream Scope 3 GHG emissions.

Austal continues to seek to reduce the footprint of the aluminium used in its vessels, particularly through sourcing "green aluminium", noting that sourcing flexibility is restricted due to Austal's requirement for specific grades of marine quality aluminium.

# Waste Management

Austal manages waste generated from vessel construction, maintenance, service operations, and office activities in compliance with environmental regulations across all operating regions. Our Health, Safety, Environment, and Quality (HSEQ) risk management principles are central to minimising the environmental impacts of waste generated across our sites. Waste management plans, guidelines, and procedures are implemented at each location to address specific waste streams, such as aluminium and steel scraps. We prioritise waste handling strategies beyond our facilities by adhering to the waste management hierarchy. Our approach focuses on preventing waste generation first, followed by reducing, reusing, and recycling materials wherever feasible.

Total **hazardous waste** 360 tonnes

Total **non-hazardous waste** 971 tonnes

## Austal Australia's waste-to-energy initiative

In FY24, Austal Australia engaged in discussions with Veolia to improve waste diversion from landfill. This collaboration led to the signing of a Memorandum of Understanding (MOU) aimed at achieving zero waste to landfill goals. The partnership focuses on maximising on-site solid waste recycling and redirecting residual general waste to Western Australia's first waste-to-energy facility in Kwinana. This facility, set to begin operations in FY25, will generate around 40 MW of clean energy, powering 50,000 households and providing a more sustainable approach to waste management while enhancing local energy security and affordability.

# Water Management

Austal sources its water primarily from third-party suppliers, with no significant water demand directly linked to our shipbuilding processes. To safeguard the environment, we have implemented comprehensive surface water management procedures designed to prevent contamination and ensure that water quality is maintained across all our sites. Austal USA has developed and implemented a Spill Prevention Control and Countermeasures Plan and Storm Water Pollution Prevention Plan to prevent contamination of water runoff. All water used by Austal is diverted to local treatment plants. We adhere to national and local standards for wastewater management. Water consumption is monitored and recorded in each of our facilities to establish normal ranges of water consumption. This has proven to be effective in our shipyard in the Philippines, where such a system allowed for easy detection of abnormalities so that issues can be easily rectified to prevent wastage. Furthermore, rainwater is collected at Austal Philippines' facility with an annual saving of approximately 290 m³.

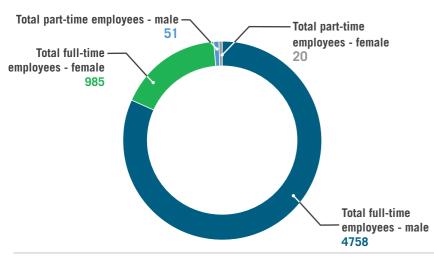# Employees & Communities

# Employees

**Operating across multiple countries, Austal is committed to fostering a workplace where every employee is valued, treated with respect, and provided a safe, inclusive environment that supports their growth and development.**

## Global workforce



Australia **966**

Vietnam **171**

Philippines **423**

United States **4254**

## Employees by type of contract and gender



Total part-time employees - male **51**

Total part-time employees - female **20**

Total full-time employees - female **985**

Total full-time employees - male **4758**



## Employment Benefits

Austal provides all employees with healthcare, injury and disability coverage, alongside paid parental leave, medical leave, personal time off and vacations. Across our global operations, each entity aligns employment benefits with local employment regulations for common employment benefit categories. Beyond this, we offer tailored benefit programs to meet the needs of our employees, addressing the specific challenges and environments in which they work. Examples include:

» In Australia, employees are invited to obtain Austal shares from the Austal Group Employee Share Plan. We also offer our employees a range of benefits such as access to the employee assistance program, option to cash out their leave including in some cases cash out sick leave, novated leasing, salary sacrifice and on-site parking.

» Austal USA offers employees a range of voluntary benefits such as a choice between three health insurance plans at an affordable cost to employees. Employees may also enrol in a dental

plan, a medical expense reimbursement plan, a voluntary life insurance plan for employees, spouses and their children, a whole life insurance plan, critical illness and accident plans, flexible spending account plans (for health and for dependent care (day care) and a pet insurance plan.

» In the Philippines, we offer all our employees with accident insurance, monthly allowances (rice, transportation, laundry, medicine) and daily meal allowance. Probationary staff are also given relocation allowance and travel expenses. Regular employees are eligible to cash out leave benefits beyond a set number of days, and have medical insurance along with a subsidised premium for a dependent.

» In Vietnam, accident and health insurance for full time employees and one of their nominated family members. Employees are also offered daily meal allowance and the option to cash out their leave.

## Promoting Flexible Work

Austal recognises that flexible working practices are essential to maintaining work life balance, improve work efficiency and drive diversity. To accommodate our employees, Austal implements the following flexible work measures:

» We are increasing employment opportunities for part-time workers.

» In Australia we are offering flexible working hours, such as a nine-day working per fortnight to allow employees to spend more time on non-work-related activities.

» We are conducting a company-wide 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.



## Parental Leave

Austal's parental leave schemes apply across all operations. For instance, we provide employees on extended parental leave the option (without any obligation) to stay connected by receiving company-wide communications and attending work functions or training programs during their leave. In Australia
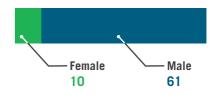
we continue to contribute to superannuation for up to 12 months (in addition to their parental leave entitlements), ensuring that women are not disadvantaged by reduced superannuation balances upon retirement.

**Parental leave per gender**

Number of employees who took parental leave: **81**



Female **20**

Male **61**

Number of employees who returned to work after parental leave: **71**



Female **10**

Male **61**

## Diversity and Equal Opportunity

**At Austal, we believe that embracing diversity and fostering an inclusive culture are fundamental to our success across all operations.**

Austal creates a workplace that reflects the varied backgrounds, perspectives, and talents of its global operations. Austal's Diversity Committee, chaired by the CEO, meets quarterly to discuss, plan and approve initiatives aimed at improving diversity across the business. Executives have key performance indicators ("KPIs") on gender participation within their areas of responsibility, and part of their remuneration is linked to the achievement of those KPIs as part of Austal's "balanced scorecard" approach. Through our Equity and Diversity Policy, we actively promote diversity and equal opportunity across all levels of the company.

Our business operations are underpinned by the following principles:

» Recruiting and managing based on individual competence and performance.

» Cultivating a culture that empowers and rewards adherence to this policy.

» Valuing and respecting the unique skills, experiences, and perspectives each individual contributes to the workplace.

» Establishing clear reporting processes and procedures.

» Promoting an inclusive, productive and safe work environment by actively preventing and addressing discrimination, harassment and bullying.

### Empowering future talent and promoting diversity

Austal continues to demonstrate its commitment to fostering diversity, inclusion, and workforce development through a range of impactful initiatives. These efforts aim to promote career opportunities across various industries and demographics, focusing on empowering women, veterans and underrepresented groups. Below is a summary of key initiatives undertaken:

**Perth STEM Women Graduate Careers Event**

Austal Australia sponsored and participated in the Perth Science, Technology, Engineering, and Mathematics (STEM) Women Graduate Careers Event, where we introduced female graduates to share their experiences. Through an "Employer Insight Talk," a panel discussion featuring Austal's graduates and a career summit with a Virtual Reality experience, Austal reinforced its commitment to encouraging women to pursue STEM roles and careers in the shipbuilding industry.

**Gulf Coast Challenge**

At the Gulf Coast Challenge, Austal USA engaged with Historically Black Colleges and Universities, connecting with students and faculty to promote careers in shipbuilding. This event allowed Austal to showcase career opportunities and strengthen diversity within the workforce by fostering relationships with underrepresented communities.

**Job Fairs for Veterans**

Austal USA partnered with the U.S. Department of Veterans Affairs to host job fairs for veterans. These events provided veterans with training and resources to help them transition into civilian careers, particularly in shipbuilding and manufacturing. Austal's involvement supports veterans in utilising their skills in new industries and enhancing success in employment.

**The Glam Project**

Austal USA participated in the Glam Project, an initiative designed to inspire young girls to explore careers in manufacturing. By hosting a facility tour, Austal introduced participants to shipbuilding and highlighted the opportunities available for women in this traditionally male-dominated field, promoting greater female representation in manufacturing.



## Share of Workers and Equal Remuneration and Participation

At Austal, we prioritise merit, qualifications, skills, and experience when determining employment and remuneration. We are dedicated to ensuring that all qualified individuals can be assured of their worth and role within the company, without regard to gender, marital or family status, sexual orientation, gender identity, disabilities, ethnicity, cultural background, socio-economic status, age, religious beliefs or other personal values.

We also welcome the employment of personnel with particular needs (for example, in Australia, persons with hearing impairments), both through the Australian Commonwealth Rehabilitation Service and through direct recruitment. The business provides an Auslan (Australian sign language) interpreter who uses manual communication and gestures instead of sound to express the thoughts and meaning of speakers for the benefit of deaf employees where required (e.g. Australia 'all hands' communications events).

Austal USA is an equal opportunity employer which does not discriminate against any employee or applicant for employment on the basis of disability (or any other protected characteristic), and provides reasonable accommodations to qualified individuals with disabilities to enable them to perform the essential functions of their position in accordance with the Americans with Disabilities Act Amendment Act of 2008 (ADAAA). Reasonable accommodations may include modifications to the work schedule or job duties, adaptive or modified equipment or aids, leaves of absence, or any other change to the job or work environment that facilitates an employee with a disability performing their essential job functions.

## Training and Education

Austal places great emphasis on training and education as key elements in building a responsible and resilient future for the Company. We provide a variety of programs designed to enhance on-the-job learning. These include essential onboarding and refresher courses focused on the safe use of machinery and tools, as well as more specialised training in areas like pipefitting and blueprint reading. Austal USA works with the Mobile Chamber of Commerce to further develop partnerships with local schools and specific training programs such as the Williamson High school Maritime Academy. We have also received requests from schools in Alabama to host some of their students for summer internships and to be a part of its youth apprenticeship program.

Austal USA's apprenticeship program, spanning four years, alongside our trade assistant training initiative, focuses on cultivating a skilled and sustainable workforce to meet industry demands. These programs play a crucial role in addressing workforce gaps while enabling participants to transition smoothly into permanent employment.

Austal Australia's Graduate Development Program is a two-year initiative offering both generalist and specialist technical pathways. The program aims to equip graduates with the skills and knowledge to reach their full potential. Graduates on the specialist pathway focus on their department with rotations for broader business exposure, while those on the generalist pathway rotate through multiple functions such as Production, Procurement, Design, and Engineering. Participants come from various fields including Engineering, Business, ICT, Project Management, and Finance and are mentored by senior leaders. The program also offers opportunities for research projects, executive presentations and formal development training, making Austal an attractive option for ambitious graduates in the shipbuilding industry.

Austal Australia works with around 25 educational institutions to deliver vocational training, apprenticeships and hands-on experience for students and graduates interested in pursuing careers in shipbuilding. Since 2007, our partnership with South Metropolitan TAFE has been a key part of this effort. By working closely with TAFE, we ensure that participants in the Austal Apprenticeship Program receive high-quality theoretical and practical training, empowering them to become skilled and accomplished tradespeople. At Austal we offer four apprenticeships in Electrical, Fabrication (Boilermaking/Welding), Cabinet Making, and Mechanical Fitting over a 42 to 48 month period. Our apprentices attend TAFE on a 2-week block release or as a day release and have the opportunity to showcase their skills in a safe workplace environment at Austal, being supervised by some of our best tradespeople.

Each year, Austal Australia hosts up to 100 school and TAFE students for a two-week trade work experience program. During this time, participants have the opportunity to develop practical skills in areas such as electrical work, fabrication and welding, cabinet making, and marine fitting. Throughout the program, our supervisors provide feedback on students' performance and their alignment with Austal's core values.

This experience often serves as a stepping stone for students, providing opportunities to enter our 42- to 48-month Austal Apprenticeship programs. In addition, Austal Australia is a key industry partner in the Defence Industry Pathways Program (DIPP), a 12-month traineeship co-developed by South Metropolitan TAFE and the Royal Australian Navy. DIPP gives graduates exposure to various fields before they choose their future maritime defence career path. Austal Vietnam's 12-month Shipbuilding Trainee Program offers advanced training in welding, fabricating, fit-out, and pipefitting, with flexible completion based on trainee progress. In May 2024, 13 new welding trainees were recruited, with 40% being women, reflecting Austal's commitment to diversity. This strategic program is designed to build a skilled, adaptable workforce to meet future industry demands and support the Company's long-term success.



### Building a talent pipeline through partnerships

Austal is building the next generation of talent through strategic partnerships with educational institutions and tailored training programs. Austal Philippines partnered with CITE Technical Institute, Inc. to implement the Dual Training System program. This initiative serves as an on-the-job training platform for students enrolled in the Diploma in Mechanical Engineering Technology and Diploma in Electrical Engineering Technology. Over an 18-month period, students gain hands-on experience in Austal Philippines' shipyard, where they acquire practical skills and knowledge essential for success in the workforce. In 2024, a Memorandum of Agreement was signed to formalise the collaboration, and a selection process led to the acceptance of 20 students into the program. These students are now gaining experience across various departments, and those who successfully complete the program will become future employees of Austal Philippines.

Austal USA has partnered with Bishop State Community College to create the Set Sail program, which provides a direct pipeline into Austal's Trade Assistant and Apprenticeship programs. Set Sail is a three-week soft skills training initiative that covers blueprint reading, math, tape measuring, welding, and interview techniques. To date, 61 students have successfully graduated from the program and participation continues to grow. In addition to Set Sail, Austal USA has partnered with the Southwest Alabama Partnership for Training and Employment to secure funding for its Trade Assistant and Apprenticeship programs. Through this program, employees who meet certain requirements receive financial support.

Austal Vietnam partnered with the University of Transport and Communications to launch an internship program aimed at fostering future ship designers. Two students from the university's Design Department participated in this initiative, where they received practical training in advanced ship design techniques using software such as AutoCAD and Ship Constructor. Under the mentorship of Austal's experienced engineers, the interns were exposed to real-world projects, allowing them to hone their skills in a hands-on environment.



### Apprentice Success Story: Kristy's Journey at Austal Australia

Kristy's path to becoming a shipbuilder at Austal Australia is an inspiring example of the opportunities available through Austal's apprenticeship programs. With a background in education, Kristy decided to diversify her skill set by earning a Certificate II in woodwork. In 2021, she joined Austal for work experience in shipbuilding and the fitout process, and quickly discovered a passion for the industry.

Impressed by her dedication and performance, Austal offered Kristy an apprenticeship in the fitout department after her work experience began. Kristy embraced the opportunity, learning new skills and contributing to the craftsmanship of Austal's ships. She reflects on her journey with pride, particularly enjoying working alongside a diverse team and seeing her work come to life on finished boats. Kristy is on track to complete her apprenticeship three months early and is eager to continue her career at Austal.

# Occupational health and safety

**The health and safety of Austal's workforce are critical to the Company's long-term success.**

## Safety

Austal places the highest priority on the safety and well-being of its workforce, recognising that robust safety practices are essential to its continued success. Our Health, Safety, and Environment (HSE) teams have established policies, procedures and training programs that reflect internationally accredited HSE standards. In Australia, our operations are guided by the ISO Integrated Management System, including ISO 9001, 45001, and 14001 standards. Austal Australia has achieved ISO 45001 certification for its Occupational Health and Safety Management Systems.

To enhance risk management, Austal Australia follows the ISO 31000 framework, ensuring that risk is proactively managed across our operations. In the USA, our programs comply with Occupational Safety and Health Administration workplace safety regulations. These standards overlay the health and safety requirements for our Vietnam and Philippines operations. The HSE team has also developed HSE risk registers and for planning and implementing mitigation measures at each facility. HSE risks and mitigation measures are regularly reviewed and updated, with regular HSE audits for effective implementation.

Austal Australasia has an HSE Event Management Procedure implemented across all sites and projects to ensure that accidents and incidents are properly investigated and corrective action can be taken to prevent their reoccurrence. Our HSE database is in place to record, investigate and follow-up incidents. All incidents are investigated within 48 hours of them occurring. Austal Australasia conducts investigation and cause analysis on reported incidents on a regular basis. This year we focused on hand injury prevention objectives after identifying hand injury incident trending. Our management and safety representative teams will continue to prioritise safety risk identification to ensure a safe working environment.

---

**Austal Australasia HSE Strategic Priorities (2024-2027)**

In FY24, Austal Australasia established a Health, Safety and Environmental Strategic Priorities 2024-27. This strategic plan outlines the focus areas to enhance HSE management and support the Company's Growth Strategy 2050. Key objectives include:

» Enhance HSE Management Systems: Improve HSE through risk assessment, performance monitoring and establishing a positive safety culture.

» Empower Culture and Capability: Invest in developing HSE capabilities and foster leadership commitment to safety and environmental matters.

» Effective Risk Management: Integrate HSE risk management throughout the work lifecycle, including workplace design and processes.

» Integrated Systems and Decision Making: Embed HSE considerations into daily operations and decision-making processes.

» Beyond Compliance: Aim for best practices in HSE, exceeding regulatory requirements to support employee health and wellbeing.

» Continuous Improvement: Use insights from successes and challenges to drive ongoing improvements in HSE practices.

Austal Australasia's HSE Strategic Priorities are designed to advance safety and environmental management, supporting the Company's growth objectives and reinforcing its leadership position in the naval defence sector.



---



## Our beliefs

» Health and safety is everyone's responsibility

» All accidents are preventable

» Our behaviour as leaders influences health and safety

» Anyone can stop an unsafe act

» Lessons learnt and continuous improvement are vital to effective safety management

## Worker training on occupational health and safety

Austal is dedicated to fostering a strong culture of safety and health across its workforce, from executive management to tradespeople. Management is required to address all significant cases. Employees in all geographical locations are required to complete a HSE Induction, along with any project site-specific inductions if applicable, before starting their work. At Austal Australia, it is mandatory for all supervisors and above to complete the Occupational Health and Safety (OHS) for Supervisors course, which includes essential training on legal responsibilities. High-risk work can only be undertaken by employees who have successfully passed a formal competency assessment, ensuring that they have the necessary skills and qualifications to perform safely.

---

**Building a culture of safety at Austal Vietnam**

Throughout FY24, Austal Vietnam demonstrated a strong commitment to fostering a safe workplace. This dedication is reflected in a range of initiatives designed to embed a culture of safety into daily operations.

**Hazard identification:** Austal Vietnam encourages employees to identify and report hazards promptly. Regular HSE activities are a core focus, integrating hazard identification and effective hazard management into daily tasks.

**Safety protocols:** Safety protocols are enforced through Take 5 assessments and Personal Protective Equipment (PPE) matrices, ensuring workers are well-equipped to handle hazards. The implementation of a permit-to-work system, especially for high-risk tasks, further enhances safety.

**Training:** Training programs cover essential HSE topics tailored to various roles, including certifications for operating equipment like forklifts and overhead cranes, as well as first aid and fire prevention.

**Equipment:** Regular calibration of equipment and tools is conducted to meet legal standards. Tools that do not meet calibration requirements are segregated to prevent use.

These efforts underscore Austal Vietnam's commitment to the safety of its employees.

## Health and wellbeing

Austal aims to foster a supportive work environment that prioritises the mental well-being of its employees. Austal Australia's Psychosocial Management Procedure is in place to identify, assess and manage psychosocial hazards in the workplace. Austal USA and Australasia have established Employee Assistance Programs that offer free confidential counselling for employees. These programs provide a range of supportive resources to help employees address both personal and work-related issues. Austal Philippines employs an occupational health nurse to conduct regular health assessments and provide medical assistance to employees. A mental health awareness sessions are also held to promote understanding and support for

mental well-being among employees. Austal USA is researching the potential opportunity to provide an on-site medical clinic on the main campus in Mobile for convenient access to healthcare, controlled healthcare costs, improved productivity and to provide a personal connection to the workforce. Austal USA is also exploring enhanced childcare benefits for employees with children up to age 12 by partnering with a company that vets childcare providers. This will support employees working second shifts, overtime, or those seeking quality childcare, ensuring peace of mind while at work. The program will also integrate with the current dependent care flexible spending plan allowing pre-tax savings for childcare expenses.

## Our community and partners

**Austal is dedicated to fostering strong relationships with the communities it serves, prioritising mutual growth and long-term positive impact.**

### Australia

#### Austal Giving



Austal Australia has launched Austal Giving, a platform designed to support community and charitable initiatives. Led by the dedicated Austal Giving Committee, the platform manages community programs with the aim of making a meaningful impact. Each application undergoes a review process for alignment with Austal's support criteria, reinforcing the Company's commitment to responsible and impactful community engagement.

Here are some highlights of the aid provided through Austal Giving in FY24.

#### Anglicare WA
#### Young Hearts Program



Austal Giving supported Anglicare WA Young Hearts Program, contributing to its work in aiding children and families impacted by domestic violence. In FY24, the Young Hearts Rockingham program supported 113 unique clients, including 56 children and 57 parents/caregivers. Anglicare WA Young Hearts Program has adapted its service model to better meet the evolving needs of children and families affected by domestic violence. Key changes include increasing the number of counselling sessions to up to 20 and, when safe, involving the parent who used violence in the

recovery and healing process. These updates demonstrate the program's commitment to providing comprehensive and compassionate support.



**Op-Shop Ball Sea Trial Experience**

On 7th June 2024, Austal had the pleasure of hosting supporters of the Anglicare Op-shop Ball, who were recipients of an exclusive sea trial experience donated by Austal at the event. The group enjoyed a remarkable day, witnessing the maiden sea trial of Austal vessel and gaining valuable insights into the significance of these assets delivered to the Commonwealth.



#### Telethon Kids Institute
#### Djaalinj Waakinj Ear Portal Program



The Djaalinj Waakinj project, with the support of Austal, made significant strides in improving ear health for children in FY24. During this period, the project served 90 children across 14 audiology clinics in Cockburn and Rockingham, including 41 new enrolments, bringing the total number of children enrolled in the program to over 350. Additionally, 35 children were referred for free surgery through this ongoing partnership with Cockburn Integrated Health, St John of God Murdoch and Rockingham District Hospital. The program also facilitated referrals for 5 children to Speech Therapy related to hearing issues.



#### Recovery & Restoration Veterans Transition Centre



The Recovery & Restoration Veterans Transition Centre in Jarrahdale, WA, offers accommodation and a supportive meeting place for ex-Defence personnel transitioning to civilian life. Austal supported the renovation of three key buildings at the facility: a communal function space, kitchen and two dormitory buildings. In FY24, significant progress has been made, including:

» Completion of vinyl floor installation in the main hall, with installation also underway in the dormitory.

» Commencement of final outfitting in the main hall and galley.

» Completion of Gyprock installation in the Northern Dorm.

» Installation of a new concrete floor in the dorm bathroom.

» New eaves installed at the entry to both the main hall and dorm room.
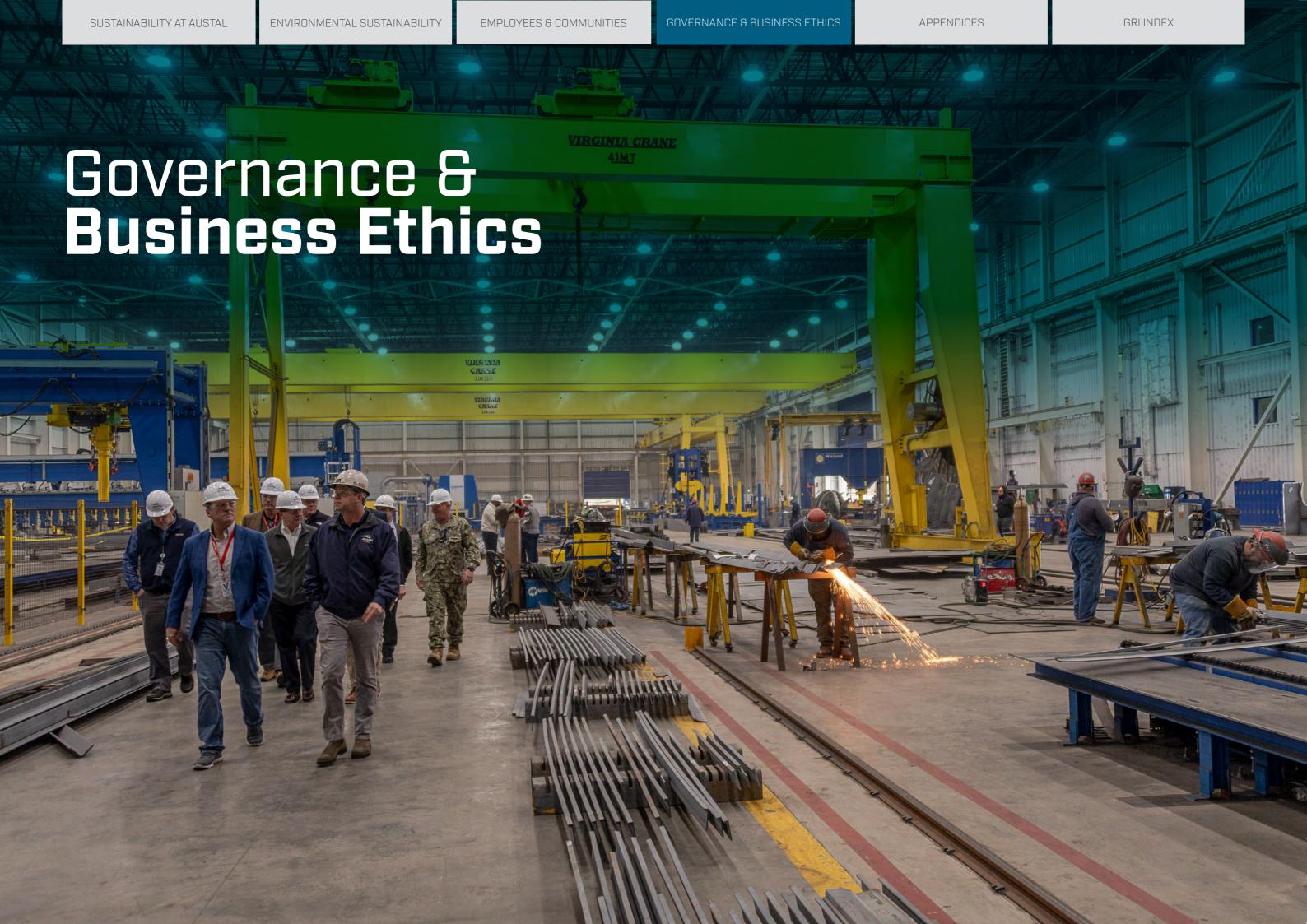


## United States of America

Austal USA is engaged with the Mobile, Alabama community, partnering with local schools and workforce councils to foster relationships and drive discussions on diversity in the workplace and workforce development. Here are some highlights from FY24.

### Austal USA's 13th annual Charity Golf Tournament

On March 15, 2024, Austal USA hosted its 13th annual charity golf tournament, bringing together representatives from over 80 firms nationwide to support local causes. Held at the Magnolia Grove Golf Course in Mobile, the event attracted more than 300 participants and raised $224,000. The funds were donated to five local charities: Penelope House, Wilmer Hall, McKemie Place, H2Overcome, and United Way of Southwest Alabama.

This tournament is a testament to Austal USA's commitment to giving back to the community. Over the past decade, the charity golf invitational has contributed over $2.4 million to United Way of Southwest Alabama and other local charities. The success of this event highlights the support of the community and underscores Austal USA's dedication to making a positive impact through philanthropy.

# Governance & Business Ethics

# Governance Structure

**The Board of Austal is responsible for guiding and monitoring the Company on behalf of shareholders. Oversight and management of Austal's corporate governance policies and procedures is shared between the Board's Audit & Risk subcommittee and the Board.**

Other than those responsibilities specifically reserved by the Board, the operation and administration of the Company is delegated by the Board to the CEO and the executive management team, who are accountable to the Board through the CEO. The Board's functions and responsibilities are set out in the Board Charter which appears in the Corporate Governance section of our Company's website.

As part of its US Government-mandated measures to mitigate the impact of foreign ownership, control and influence (FOCI), Austal's US subsidiary is managed by a separate Board and executive group, although it remains a wholly-owned subsidiary of Austal Limited. The Group CEO and Non-executive Chairman each sit on the Board of Austal USA, along with 3 other experienced Board members:

» **Chris Chadwick, Chairman.** Chris' most recent previous roles were as Executive Vice President, President and CEO at Boeing Defence, Space & Security in the USA;

» **Alison Stiller, Board member.** Alison most recently served as Principal Civilian Deputy to the Assistant Secretary of the US Navy for Research, Development and Acquisition;

» **Glenn Brady, Board member.** Glenn is an internationally recognised expert in governance, risk management, internal controls and compliance. Prior to Austal USA his most recent role was as the Global

Managing Partner of PwC's Aerospace and Defence practice); and

» **Michelle Kruger, President at Austal USA.** Michelle is a marine engineer (bachelor and masters) with more than 25 years of maritime industry experience in new construction, repair and maintenance. Prior to joining Austal USA, Michelle was vice president of operations at General Dynamics Bath Iron Works where she led a workforce of approximately 4,000 shipbuilders.
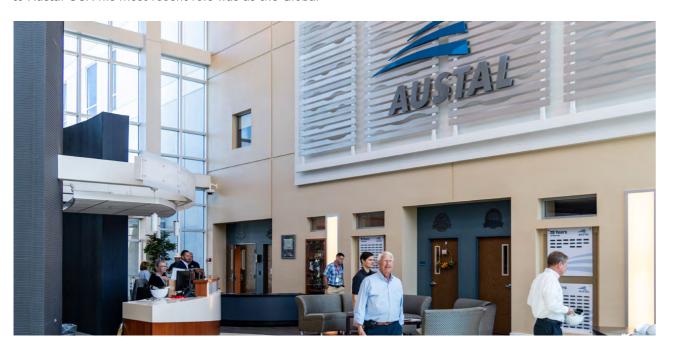
Except for a small number of subsidiary companies that have been established in foreign jurisdictions where local laws may dictate the number and nationality of directors, the Non-Executive Chairman and the CEO are both Directors of each of Austal's subsidiary companies.

For more details of Board's structure and management of subsidiary companies, please refer to Austal Annual Reports and the Corporate Governance Statement.

## Board Diversity

The Board has adopted an Equity and Diversity policy which is periodically reviewed. The policy was updated in 2023 to include measurable targets for employing women across the workforce, with targets for the Board including 30% of Board members to be women by 30 June 2025.

Austal also focuses on improving Board diversity through workplace practices that include ensuring that diversity is a relevant consideration for the composition of the Board, including having directors of different ages, ethnicities and backgrounds to help bring different perspectives and experiences to bear and avoid "groupthink" or other cognitive biases in decision-making.



# Risk Management at Austal

## Risk Governance and Internal Controls

Our Board and its Audit & Risk Management subcommittee shapes and oversees Austal's risk appetite and reviews internal processes and procedures to satisfy itself that management has developed and implemented a sound risk management framework.

Although the Board maintains ultimate responsibility for Austal's risk management framework, it has delegated the specific responsibility of overseeing the Company's risk management framework to its Audit and Risk Committee. As at 30 June 2024, the Audit and Risk Committee consisted of 4 members, all of whom are independent Non-Executive Directors.

The committee's charter provides that, among other things, it is responsible for:

» Ensuring that appropriate systems and procedures are in place to identify, monitor and mitigate the Company's operational and financial risks (including climate-related risks); and

» Monitoring management's internal control programs, processes and policies which deal with the Company's reporting system.

The Audit and Risk Management Committee Charter can be viewed on the corporate governance section of Austal's website.

In carrying out its risk management duties, the Audit and Risk Committee is entitled to:

» Obtain any information it considers appropriate, from any employee or any external party;

» Interview management and external auditors (with or without management present); and

» Seek advice from external consultants or specialists where the committee considers it necessary or appropriate.

The committee will, if necessary, institute special investigations and hire special counsel or experts to assist, if appropriate.

A fundamental objective of management is to ensure that risk management measures are embedded in its operations by investing in appropriate risk management tools and personnel and educating the Company's employees regarding their roles in managing risk.

## Risk Management

Austal has processes in place to evaluate and continually improve the effectiveness of our governance, risk management and internal controls. Risk management is considered by the Audit & Risk Committee at each meeting and in between meetings as required.

In FY2024, the Board has continued its endorsement of the company's enterprise risk management framework.

The objectives of this enterprise risk management framework are to ensure:

» That the Board and executive management can make informed and strategic enterprise business decisions that are based on consistent, appropriate and relevant risk assessment;

» Risks at all levels of the business are identified, prioritised and managed in a coordinated and consistent manner; and

» Strategic planning processes are improved as a result of a structured consideration of risk and potential opportunities.

Management is responsible for promoting and applying the risk management framework throughout the business. The Chief Executive Officer is the champion of risk management across all Austal entities.

In light of its global operations, Austal is exposed to economic and political risks in the form of currency movements and supplier and customer security. The Group has in place a robust system of financial and procurement procedures and policies to ensure foreign exchange and procurement risks are managed effectively. These measures, alongside our codes of conduct, guidelines for employment, insurance program, and business management systems, are reviewed regularly and updated as required, and help the company to manage other non-financial risks.

Austal has comprehensive Health, Safety, Environment and Quality Management Plans ("HSEQ Plans") in place, overseen by a dedicated HSEQ team at each of our facilities. The HSEQ Plans underpin all of Austal's operations and provide clarity on the Company's general health, safety and environmental strategies.

### Risk Review

In addition to our procedural improvement measures, Austal undertakes regular risk reviews to ensure our risk management framework continues to be fit-for-purpose and we are operating with due regard to the risk appetite set by the Board.

The Senior Executive Risk Committee (SERC) considers material risks (and their mitigation) and opportunities of a strategic and operational nature which affect Austal at the enterprise level. The enterprise risk management framework has been designed to ensure that the SERC has visibility any material risks that have been identified within each major business and functional area.

The SERC meets on a quarterly basis to conduct a full enterprise risk review to principally address risks under the following categories as they relate to the specific Australian, US, Philippines or Vietnam shipyard operations:

» Business risks inherent to the shipbuilding industry and the sustainability of the business;

» Operating risks associated with sales, design and production;
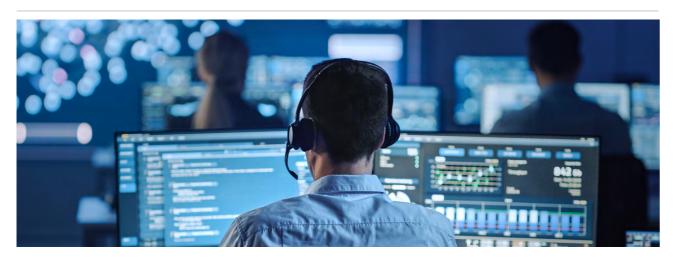
» Financial and tax risks;

» Legal and compliance risks;

» Specific vessel risks; and

» Contemporary and emerging risks, such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change.

The SERC maintains an enterprise risk register that is considered at each Audit & Risk Committee meeting.

In accordance with the updated Enterprise Risk Management framework, the Company undertook a minimum of four enterprise risk reviews during the financial year ending 30 June 2024.

The output of these reviews forms part of the Board's corporate strategy development to ensure that risks are appropriately managed and that we are able to act on strategic opportunities while minimising the Company's exposure to those risks. The Board reviews the Company's risk management framework regularly as part of its strategic discussions.

Austal has identified a number of matters as posing the most potential risk to the business on an enterprise basis, which we detail further in our Corporate Governance Statement.



## Cyber Security

**Protecting Austal's intellectual property, our customers' and suppliers' data and other sensitive information is crucial to the stability and long-term success of our business. We are particularly focused on this, noting that our key and largest customers are the Departments of Defence in the USA and Australia.**

Austal has established information handling policies and standards and cyber security measures that seek to prevent the disclosure and theft of such information and retains its ISO27001 accreditation, which further enhances the Company's cyber security framework. As a defence provider to the Commonwealth of Australia, Austal Australia is certified under the Department of Defence's Defence Industry Security Program (DISP) and as a prime contractor to the US Department of Defence, Austal USA complies with the National Institute of Standards and Technology SP800-171 Standard (NIST 800-171), as well as the Cybersecurity Maturity Model Certification (CMMC) 2.0.

Austal provides ongoing staff training on cyber-related matters and participates in yearly ISO27001 and internal audits.

## Code of Conduct

Our Board acknowledges the importance of all directors, managers, and employees of the Austal Group maintaining the highest standards of corporate governance practice and ethical conduct. The Company has adopted Codes of Conduct for employees, and one for Directors specifically, under which they are expected to:

» Act honestly and with high standards of personal integrity;

» Act ethically and responsibly;

» Exercise due care and diligence in fulfilling the functions of their office;

» Use their powers to act in accordance with the Company's stated values and in the best interests of the Company as a whole;

» Treat fellow staff members with respect and not engage in bullying, harassment or discrimination;

» Deal with customers and suppliers fairly;

» Disclose and deal appropriately with any conflicts between their personal interests and their duties as a Director, senior executive or employee;

» Comply with all laws and regulations that apply to the Company and its operations;

» Not take advantage of the property or information of the Company or its customers for personal gain or to cause detriment to the Company or its customers;

» Not take advantage of their position or the opportunities arising therefrom for personal gain;

» Report breaches of the Code to the appropriate person or body within the organisation; and

» Comply with the share trading rules and other Company policies.

The Corporate Governance Statement and Code of Conduct are reviewed periodically to ensure effectiveness.

Austal's general Code of Conduct promotes ethical and responsible decision-making by directors, managers and employees. All employees undergo training on their obligations under the code, and appropriate and proportionate disciplinary actions result from any breaches.

Austal USA's corporate compliance program, which was enhanced and rolled out to all employees in 2023 is modelled on the United States Department of Justice framework and reinforces our culture of compliance.

## Supply Chain Governance

At Austal, we recognise that suppliers play a pivotal role within our business supply chain, and we are deeply committed to fostering collaborative partnerships that contribute to a more responsible and impactful future. Our ESG strategy within our supply chains not only mirrors our ethical values and regulatory obligations, but it also generates advantages that resonate throughout our community and industry.

Our procurement principles steer the trajectory of how we navigate and oversee our suppliers' ESG contributions. These procurement principles encompass:

**Supplier Engagement and Collaboration:** We are dedicated to fortifying communication and collaboration channels with our valued suppliers, ensuring a seamless convergence of ESG goals and practices. Our aim is to inspire suppliers to adopt sustainable methodologies, uphold social responsibility, and embrace ethical governance principles within their operations. By nurturing a shared source of best practices and resources, we foster a collective endeavour to elevate ESG performance throughout our entire supply chain.

**Sustainable Sourcing:** We are committed to elevating our supplier selection process, with consideration given to those with a proven track record of ESG commitment and a dedication to reducing their environmental impact. A central pillar of our approach is the emphasis on responsible sourcing, which encompasses the use of recycled materials, waste reduction, and a concerted effort to curb carbon emissions.

**Transparency and Reporting:** Through the implementation of reporting mechanisms, we strive to monitor and assess ESG metrics across our supply chain. Embarking on a transparency journey, we publicly disclose our ESG achievements and initiatives, nurturing trust and confidence among our valued stakeholders and discerning consumers alike.

**Supplier Audits and Assessments:** Guided by our commitment to excellence, we conduct routine audits to evaluate suppliers' adherence to ESG practices and standards. Swift action will be taken to address gaps and challenges, facilitated by proactive corrective action plans that drive continuous improvement.

**Innovation and Technology:** At the forefront of progress, we adopt technologies to amplify traceability, transparency, and accountability across our supply chain.

**Diversity and Inclusion:** Advocating for diversity, we engage a broad spectrum of suppliers, extending support to local enterprises and nurturing equitable labour practices. We actively encourage our suppliers to embrace policies that champion gender equality and inclusivity within their organisations.

**Risk Management:** We navigate the supply chain landscape to identify and assess ESG-related risks, spanning from climate considerations to labour rights. Our proactive approach results in the formulation of contingency plans that counter potential disruptions and mitigate risks.

**Stakeholder Engagement:** We actively engage with various stakeholders including suppliers, customers, and local communities. This engagement grants us valuable insights into ESG expectations and concerns, which we leverage to drive strategic enhancements and underscore our approach to ESG.

**Continuous Improvement:** We aim to establish a framework of ESG targets and key performance indicators ("KPIs") to gauge our journey across time. We review and refine our ESG strategies to ensure they are dynamic, adaptive, and aligned with the ever-evolving landscape of challenges and opportunities.

Our Supplier Qualification Procedures serves as our guiding compass. All new prospective suppliers undergo an initial evaluation to ensure alignment with our prerequisites, encompassing critical environmental and social aspects. Subsequently, suppliers undergo a risk-based assessment, determining their eligibility for qualification. ESG principles are seamlessly integrated into our category management and strategic sourcing blueprints. Our supplier selection criteria are well-rounded, encompassing aspects of quality, pricing, as well as environmental and social factors. Priority is accorded to entities holding relevant ISO certifications (such as ISO 14001, ISO 45001), and other pertinent documentation highlighting their commitment to environmental protection and health and safety. Once qualified, suppliers are seamlessly integrated into our record-keeping system.

At Austal, we view our suppliers as more than just contributors; they are vital partners on a shared journey towards a brighter, more sustainable future. We stand committed to nurturing these partnerships, bolstered by our robust ESG framework, to foster lasting change and create a positive impact across our industry.

## Human Rights

### Australasia

Our approach to combating Modern Slavery is guided by the Australian Government's Modern Slavery Act 2018, as well as any local requirements in Vietnam and Philippines. It sets out our approach to assessing and responding to the potential for human rights issues to be present in our business. Our ongoing approach to managing human rights risks includes:

Where third parties are identified as being key suppliers to Austal, or where they are domiciled in areas that Austal assesses as higher risk, we undertake a full due diligence assessment before the supplier is accepted. The assessment covers a range of topics including the supplier's regulatory and legal compliance, HR policies and practices, and the integrity of its operations.

### The United States

Austal USA has adopted the US Government's prohibition against trafficking in persons as set forth in FAR 52.222-50 as its Anti-Trafficking Policy. The Anti-Trafficking Policy, along with the Anti-Trafficking Compliance Plan, ensures that:

» Austal employees are aware of the US Government's anti-trafficking prohibitions under applicable laws and regulations.

» The consequences which may result from engaging in trafficking-related activities.

» Austal's fair recruitment, wage, and housing practices.

» Austal's procedures for preventing employees, agents, subcontractors, subcontractor employees, and their agents from engaging in trafficking-related activities.

» Austal only engages suppliers who have signed up to our Representations and Certifications (the "Reps and Certs"). The Reps and Certs require suppliers to certify that it and its subcontractors and agents have not engaged in human trafficking and that the supplier's policy prohibits the supplier and its employees from engaging in human trafficking, using forced labor, and several other activities detrimental to human rights.

» Roll out of the abovementioned campaign across all sites in Australasia – including posters/information provided to employees in the local language.
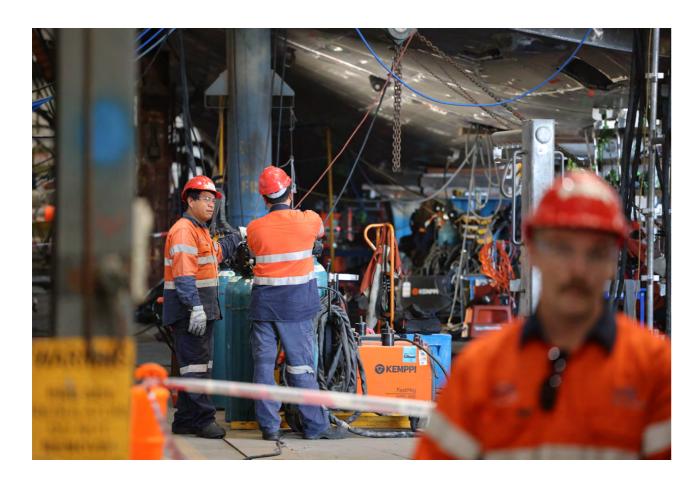
## Whistle-blower Policy

Austal's group-wide Whistleblower Protection Policy gives all directors, officers, employees, contractors, suppliers and associates the ability to speak out if they have concerns about any unlawful, unethical, irresponsible behaviour or misconduct by Austal. Austal has set up an anonymous external helpline to assist the reporting of suspected reportable conduct under the policy.

The CEO is informed of all incidents reported through Austal Limited's Whistleblower framework and determines whether it is appropriate to commence an investigation. If further investigation or enquiry is required, an investigator is appointed to assess and examine reports. Subsequently, the investigator reports finding to the CEO. The CEO reports any material incidents to the Board. During FY23 Austal Limited did not receive any enquiries or concerns through its whistleblower framework.

The policy is made available to employees, officers, and other parties in the Company's intranet. It is also available on Austal's public website.

## Anti-bribery and Corruption Policy

Austal's Anti-Bribery Procedure and Anti-Bribery Policy set out rules and principles on appropriate business conduct which apply to all directors and employees. This policy provides information and guidance on how to recognise and deal with bribery and corruption issues such as facilitation payments. It also details around authority thresholds and other material that the Austal considers to be commercially sensitive. In addition, we have a formal guideline for our employees when engaging sales agencies and consultants to ensure integrity.

Where appropriate, the General Counsel will investigate reports of bribery in any way connected to an Austal entity or employee. The Board will then consider what action to take as a result of such investigations, including disciplinary action, termination of business relationships and reports to relevant governmental authorities or regulators where applicable. Austal's General Counsel will maintain a register of all reports made under this Procedure. For more details on internal monitoring system, managerial responsibility, record keeping and other operating guidelines, please refer to Austal's Anti-Bribery Procedure available at the corporate website.

Internal training on anti-corruption topics such as legislative background, definition of bribery, case studies to ensure staff are aware of key concepts and know when to speak up. There were no breaches or litigation associated with anti-bribery and corruption brought to Austal's attention in FY24.

### ABC Training in the US

Austal USA developed new FCPA training in FY23 which was rolled out to employees in FY24. The training was developed in light of the Austal USA's service footprint in South East Asia and the understanding that foreign suppliers may be used in those ports. Training was provided to senior employees, Singapore, San Diego's Compliance Lead & Supply Chain employees, and Mobile Compliance Leads. Training topics included:

» What is the FCPA
» Who is covered
» Who is a foreign official
» What constitutes a bribe
» Why does FCPA compliance matter
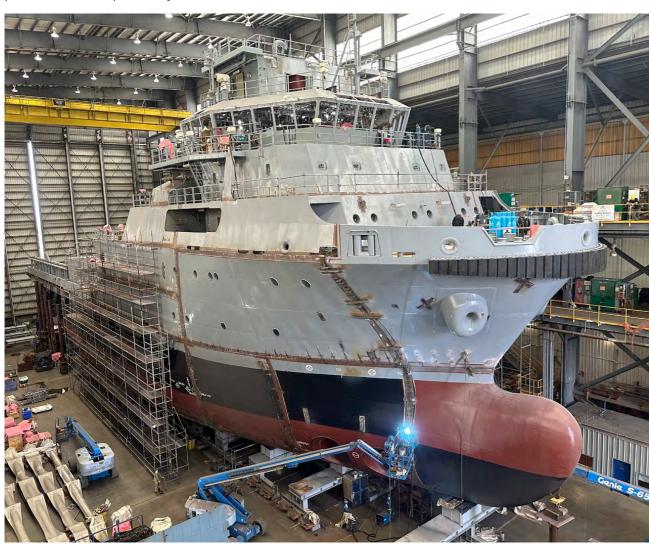» How to avoid a violation

## Product Safety

Our concern for safety is not limited to our own employees and workplace, but extends to our entire shipbuilding value chain, to ensure safety requirements are upheld for our customers.

Austal is obliged to design, contract and maintain all of our vessels in accordance with ship classification societies and flag state requirements. Ship classification can be defined as the verification of the structural strength and integrity of the essential parts of a ship's hull and its appendages, as well as the authentication of the reliability and function of its propulsion and steering systems alongside other features built into the ship to maintain essential onboard services for safe operation. Classification societies classify ships, establish and maintain technical and safety standards for the construction and operation of a vessel, ensure that the ship's design and workings are in accordance with the standards set by their class. This oversight process provides an additional level of assurance in conjunction with our quality procedures, and ensures that our products comply with all safety requirements. Additionally, our clients will not take possession or accept delivery of our vessels unless

all classification society requirements have been met during inspection.

### Monitoring of Product Safety

The registration of a ship plays an important role in ensuring safety and security of the ship. Registration grants the ship physical and legal protection of that flag state which may be applied to vital areas such as safety of cargo and life of those on board the ship. As per International Maritime Organization ("IMO") regulations, all ships must be surveyed in order to ensure that the ships under their registers are structurally sound and subscribe to design and safety standards. A classification certificate is also issued which establishes a ship's seaworthiness. This certificate is required to be present on board the ship for any inspections by authorities from time to time. Vessel registration is typically undertaken by vessel owners – including customers of newly-built vessels – and Austal supports this process by complying with all requirements of ship registration, ship classification societies requirements and associated inspections.



## Share Trading Policy

All employees, including directors, must comply with Austal's share trading policy. The Board's Audit & Risk Committee reviews the policy annually, which is published on the corporate governance section of our website.

The policy includes the following requirements:

» A blackout period restricting trading in Company shares for two months prior to the release of half year and full-year reports. Directors and employees are also restricted from trading in Company shares for 24 hours following any announcement by the Company to the Australian Securities Exchange;

» Any director intending to buy or sell shares in the Company or any company in which Austal has an

interest is required to notify the Chairman or the Company Secretary of his/her intentions before proceeding with the transaction;

» A prohibition on dealing in the Austal's securities by any employee if they are in possession of material information which is not available to the share market, but if it were, may impact the value at which the Company's securities are traded; and

» In addition, Directors share and update a register of their relevant personal interests outside the company, to maximise visibility of any potential conflicts of interest among the Board.

## Shareholder Rights

Austal has an established investor relations program which includes:

» Analyst briefings

» Annual General Meeting

» Annual report

» Regular release of financial information

Our annual general meeting ("AGM") – which is usually held in October or November – provides

shareholders with the opportunity to vote on resolutions recommended by the Board, hear directly from the Board and CEO, and ask questions of the Board.

The chairman and CEO's AGM presentations and voting results are released to the Australian Securities Exchange and made available on our website.
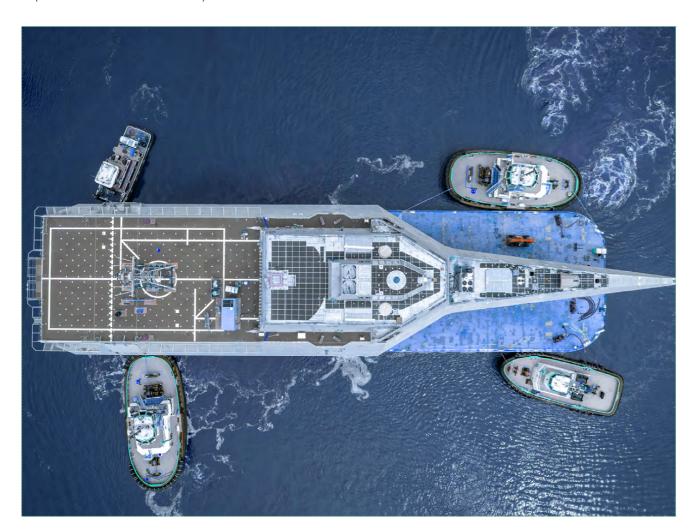
# Appendices

# Appendices

## About This Report

This report provides an overview of Austal's sustainability approach and performance from 1 July 2023 to 30 June 2024 and was approved by Austal's Board of Directors. It was prepared with reference to the Global Reporting Initiative's Sustainability Reporting Standards 2021 ("GRI Standards"). It covers sustainability topics most relevant to our business activities at this point in time.

The report covers Austal's shipyard operations in Australia, the United States, the Philippines and Vietnam[1]. Austal acknowledges that this report includes a focused number of disclosures for the past financial year. We are enhancing our data capture capabilities to increase the scope and breadth of disclosures as we look to deliver a more thorough overview of the material issues identified. Where we have not been able to provide relevant disclosures in this report, reasons for such omissions are included in the GRI Index table. We continue to enhance our alignment with the recommendations of Task Force on Climate-Related Financial Disclosures ("TCFD"). It is our intention to further align with TCFD and produce an assured and audited report in the long term, as we continue to enhance our data collection processes.

Austal's last ESG Report 2023 was published on 31 August 2023.



[1] Does not cover service centres and other offices as they do not have significant impact.

## Performance Data Table

| | Unit | FY22 | FY23 | FY24 |
|---|---|---|---|---|
| **Environmental Performance** | | | | |
| **GHG Emissions[1]** | | | | |
| Scope 1 | | | | |
| » Total | Tonnes of $CO_2$e | 8,520 | 10,465[2] | 1,534 |
| » Intensity | Tonnes of $CO_2$e / tonnes of steel equivalent structural weight of vessels delivered | 2.0 | 4.2 | 0.4 |
| Scope 2 | | | | |
| » Total | Tonnes of $CO_2$e | 15,518 | 15,188 | 10,828 |
| » Intensity | Tonnes of $CO_2$e / tonnes of steel as structural weight of vessels delivered | 3.6 | 2.3 (restated) | 2.6 |
| Scope 3 (Upstream) | | | | |
| » Total | Tonnes of $CO_2$e | 47,849 | 66,442 | 42,060 |
| » Intensity | Tonnes of $CO_2$e / tonnes of steel equivalent structural weight of vessels delivered | 11.1 | 9.8 (restated) | 10 |
| Scope 3 (Downstream) | | | | |
| » Total | Tonnes of $CO_2$e | Not reporting | Not reporting | Not reporting |
| » Intensity | Tonnes of $CO_2$e / tonnes of steel equivalent structural weight of vessels delivered | Not reporting | Not reporting | Not reporting |
| Total fuel (diesel) consumption | Litres | 2,832,304[3] | 3,612,274 | 1,590,609 |
| Total electricity consumption | Gigajoules | 152,459[4] | 159,325 | 185,683 |
| **Water** | | | | |
| Total water withdrawal from surface water[5] | Megalitres | 0.36 | 0.36 | 0.36 |
| Total water withdrawal from third-party water | Megalitres | 53.07[6] | 42.72 | 37.28 |

[1] Scope 1, 2 & 3 emissions (intensity) in FY23 were restated due to correction of calculation errors.

[2] The increase of scope 1 emissions in FY23 is largely driven by the delivery of two vessels from Austal USA. One of the vessels included additional trails required to demonstrate the new Autonomous systems installed.

[3] Data has been restated to reflect updated records.

[4] Data has been restated to reflect updated records.

[5] The data refers to harvested rainwater for our cistern tank for fire protection, based on a tank capacity of 360,000 m³.

[6] Data has been restated to reflect updated records.

| | Unit | FY22 | FY23 | FY24 |
|---|---|---|---|---|
| **Environmental Performance** | | | | |
| **Waste** | | | | |
| Waste generated | | | | |
| - Total | Tonnes | 5,179 | 3,214 | 1,336 |
| - Intensity | Kg per 1,000 hours worked | 0.51 | 0.36 | 0.16 |
| Total hazardous waste | Tonnes | 545[1] | 503 | 360 |
| Total non-hazardous waste | Tonnes | 4,634[2] | 2,711 | 971 |
| Total waste recycled | Tonnes | 3,696 | 1,920 | 952 |

| | | FY22 | | FY23 | | FY24 | |
|---|---|---|---|---|---|---|---|
| **Social Performance** | | | | | | | |
| **Workforce** | | | | | | | |
| | | Male | Female | Male | Female | Male | Female |
| Total employees | Number | 4,381 | 646 | 3,665 | 650 | 4,809 | 1,005 |
| *By location and gender* | | | | | | | |
| Australia | Number | 913 | 147 | 744 | 133 | 799 | 167 |
| USA | Number | 2,939 | 437 | 2,572 | 421 | 3,548 | 706 |
| The Philippines | Number | 891 | 102 | 178 | 49 | 336 | 87 |
| Vietnam | Number | 253 | 60 | 171 | 47 | 126 | 45 |
| *By employment type and gender* | | | | | | | |
| Full time | Number | 4,357 | 629 | 3,701 | 640 | 4,758 | 985 |
| Part time | Number | 16 | 17 | 23 | 17 | 51 | 20 |
| *By employee category and gender* | | | | | | | |
| Senior management | Number | 66 | 14 | 50 | 13 | 40 | 10 |
| Middle management | Number | 376 | 62 | 475 | 60 | 646 | 121 |
| General | Number | 3,941 | 568 | 3,152 | 630 | 3,704 | 734 |
| *By age group* | | | | | | | |
| Under 30 | Number | 869 | | 668 | | 845 | |
| 30-50 | Number | 2,930 | | 2,465 | | 2,712 | |
| Over 50 | Number | 1,228 | | 1,085 | | 1,530 | |
| **Employee new hires** | | | | | | | |
| *By location* | | | | | | | |
| Australia | Number | 252 | | 258 | | 219 | |
| USA | Number | 258 | | 1,181[3] | | 1,326 | |
| The Philippines | Number | 104 | | 73 | | 143 | |
| Vietnam | Number | 62 | | 62 | | 44 | |
| *By gender* | | | | | | | |
| Male | Number | 532 | | 1,083 | | 1,328 | |
| Female | Number | 144 | | 276 | | 404 | |

[1] Data has been restated to reflect updated records.

[2] Data has been restated to reflect updated records.

[3] The significant increase of employee new hire is due to new projects in FY23.

| | Unit | FY22 | FY23 | FY24 |
|---|---|---|---|---|
| **Social Performance** | | | | |
| **Employee new hires** | | | | |
| *By age group* | | | | |
| Under 30 | Number | 209 | 375 | 341 |
| 30-50 | Number | 377 | 447 | 497 |
| Over 50 | Number | 90 | 132 | 179 |
| **Employee turnover** | | | | |
| *By location* | | | | |
| Australia | Number | 367 | 336 | 208 |
| USA | Number | 715 | 519 | 1,089 |
| The Philippines | Number | 349 | 466 | 86 |
| Vietnam | Number | 100 | 92 | 26 |
| *By gender* | | | | |
| Male | Number | 1,336 | 1,181 | 1,092 |
| Female | Number | 195 | 232 | 317 |
| *By age group* | | | | |
| Under 30 | Number | 349 | 343 | 216 |
| 30-50 | Number | 919 | 571 | 489 |
| Over 50 | Number | 263 | 126 | 200 |

| | | FY22 | | FY23 | | FY24 | |
|---|---|---|---|---|---|---|---|
| **Parental leave** | | | | | | | |
| | | Male | Female | Male | Female | Male | Female |
| Employees took parental leave | Number | 62 | 19 | 52 | 22 | 61 | 20 |
| Employees returned to work after parental leave | Number | 62 | 14 | 51 | 16 | 61 | 10 |
| Employees entitled to parental leave | Number | 1,076[1] | | 3,741[2] | | 4,448 | |

| | Unit | FY22 | FY23 | FY24 |
|---|---|---|---|---|
| **Average training hours** | | | | |
| *By gender* | | | | |
| Male | Number | 8.14 | 11.93 | 16.01 |
| Female | Number | 11.49 | 8.22 | 16.62 |
| *By employee category* | | | | |
| Senior management | Number | 2.63 | 6.30 | 4.31 |
| Management | Number | 8.43 | 7.50 | 15.52 |
| General | Number | 8.69 | 11.78 | 16.89 |
| **Safety** | | | | |
| Number of fatalities from work related injury | Number | 0 | 0 | 0 |
| Rate of fatalities from work-related injury | Fatalities rate per 200,000 hours worked | 0 | 0 | 0 |

[1] Data only includes Austal Australasia.

[2] Data includes Austal Australasia and Austal USA.

|  | Unit | FY22 | FY23 | FY24 |
|---|---|---|---|---|
| **Social Performance** | | | | |
| Number of high consequence work related injuries | Number | 5[1] | 3 | 28[2] |
| Number of recordable work related injuries | Number | 120[2] | 84 | 71 |
| High-consequence work-related injuries rate | High-consequence work-related injuries rate per 200,000 hours worked | 0.10 | 0.07 | 0.65 |
| Reportable injury rate | Recordable injury rate per 200,000 hours worked | 2.37 | 1.88 | 1.66 |
| Number of hours worked | Number | 10,130,320 | 8,955,883 | 8,572,469 |
| | | | | |
| **Social Performance** | | | | |
| **New suppliers that were screened using environmental and social criteria** | | | | |
| New suppliers that were screened using environmental criteria | Percentage | - | - | 87 |
| New suppliers that were screened using social criteria (i.e. safety) | Percentage | - | - | 86 |

[1] Data has been restated to reflect updated records.

[2] The increased focus on steel production programs at Austal USA, which had previously centred on aluminium, contributed to a rise in injury severity compared to previous years.

[3] Data has been restated to reflect updated records.

[4] To further align with the latest GRI requirement, the calculation method has been revised to rate per 200,000 working hours. Last year's reportable injury rate is restated as 0.93%.

[5] Data collection commenced in FY24. Data only includes Austal USA and Austal Vietnam.

# GHG emissions – methodology and assumptions

Austal's yearly GHG emissions are tightly linked to the manufacture and operation of its vessels, we therefore note that Austal's GHG emissions are dependent to a large extent on the number and type of vessels we deliver in any given year.

In developing our methodology, we used an approach that allows us to monitor and hence act to reduce emissions associated with our operations using a set of metrics that will enable comparison year-to-year, despite annual variations in the number of vessel deliveries.

**Scope 1 Emissions**

Austal's Scope 1 GHG emissions include transport fuel combustion emissions from vessels owned by Austal's generators and fuel used in sea trials for customer vessels; and fugitive emissions from heating, ventilation, and air conditioning ("HVAC") installation.

The emissions factors from diesel combustion used for the Scope 1 estimate is taken from the Australian Government's 2023 National Greenhouse Accounts factors for fuels used for transport energy.

Sea trial emissions include the fuel burned on all sea trials conducted during the FY24 accounting period. For sea trials conducted close to the end of the accounting period where the vessel was not delivered before 30th June 2024, that vessel's Scope 3 emissions are not included in this accounting period and will be included in the following year assuming the vessels is delivered to the customer in that year. Similarly, for vessels delivered early in the accounting period some of the fuel use for sea trials will have occurred in the previous accounting year but is included in the current accounting period's Scope 1 value to align with the year of vessel delivery.

Fugitive emissions from HVAC installation include emissions from HVAC systems installed by Austal in boats delivered in FY23. The emissions have been calculated according to the method and assumptions in the US EPA Greenhouse Gas Inventory Guidance for Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases.

**Scope 2 Emissions**

Scope 2 emissions encompass emissions from the total MWh of electricity purchased by all Austal entities in the accounting period FY24.

Publicly available average emissions factors have been used to calculate emissions in each geographic location for electricity generated on local grids. These include:

» Western Australia and Queensland – Australian Government's 2023 National Greenhouse Accounts;

» Philippines factors – 2020 Climate Transparency Report;

» Vietnam – Worldbank 2017 country report; and

» United States – US EPA for the SRSO SERC South electricity grid region.

Austal's Scope 2 emissions include electricity consumed for vessels under construction in FY24. This includes both vessels delivered and vessels not delivered by 30 June 2024. With that, Austal's Scope 2 emissions will not be completely aligned in time period reporting with the Scope 1 and Scope 3 emissions, which are calculated for the vessels delivered in the FY24 period only.

**Scope 3 Emissions**

Scope 3 upstream emissions include:

» Emissions from air travel and car hire on employee business travel.

» Production emissions from materials and equipment for all the purchased materials either integrated or consumed in the manufacture of vessels delivered in the 12-month accounting period of FY24. As vessel construction takes place over more than one year, some of these materials and equipment will have been purchased and receipted in the prior financial year but are included in the FY24 $CO_2$e accounting because this is when the finished vessel was delivered to the customer. The Scope 3 emissions associated with materials purchased in FY23 for use in vessels not delivered in FY24 are not included in the total estimated $tCO_2$e for this accounting period but will be included in later years when those vessels are completed and delivered to customers.

» Purchased aluminium and steel consumed in production of the vessels delivered in FY24. For this reporting cycle the emissions factor associated with the production of aluminium was assumed to be the global average of 11.5 $tCO_2$e/tonne of aluminium as published by the Aluminium Insider in 2017. The emissions factor for steel was assumed to be 1.85 $tCO_2$e/tonne of steel, the global average in 2018 as published by the World Steel Association.

» Purchased equipment and materials. In addition to the structural steel or aluminium, an Austal vessel is a complex manufactured product that integrates thousands of fabricated and purchased components and equipment. A comprehensive bottom up estimate of the Scope 3 emissions for this complex supply chain has not been performed. Rather, an aggregate assumption of the emissions associated with equipment and materials on a weight basis has been made.

» Austal assumes that the non-structural elements of a large complex vessel are equivalent in relative proportion of use and nature to those comprising a diesel-powered automobile. The aggregate value thus used of 5.2 $tCO_2e$/ non-structural tonne of vessel weight is taken from the estimates of Hill, Nikolas et. al. Determining the environmental impacts of conventional and alternatively fuelled vehicles through LCA; Final Report for the European Commission, DG Climate Action, by Ricardo AEA Ltd. July 2020.

» Delivery voyage emissions are Scope 3 rather than Scope 1 as Austal is no longer in possession of the vessel. However, it is not considered downstream throughlife emissions as it is delivery rather than normal intended operations. Emission factors for the diesel combustion are from the Australian Government guidelines as per Scope 1.

Scope 3 downstream emissions include:

» The GHG emissions associated with the operation by its customers of the vessels Austal delivers is part of Austal's downstream Scope 3 emissions. This refers to the through-life emissions from the operation of each vessel. We previously made estimations from an assumed operating speed, the measured fuel usage for the installed engines at that speed and an assumed number of operating hours per year over a 25-year expected operational life of the vessels. However, some of the assumptions are considered as highly uncertain after a revisit of data in FY24. According to Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard, any estimated data should be as accurate as possible to guide the decision-making needs of the company. Currently, we have insufficient data to provide accurate through-life emissions from the operation of each vessel. We will continue to explore opportunities in enhancing our data collection.

# Industry Associations, Not-for-profit Group Membership and ISO Certifications

**List of industry associations, not-for-profit groups membership and ISO certifications of which Austal (and its subsidiaries) is a member or a major contributor in FY24.**

**Austal Australia**

» AI Group
» AIDN
» American Chamber of Commerce in Australia
» Asset Management Council, Cairns
» Australia Philippines Business Counsel
» Australian Defence Magazine
» Australian Indonesian Business Council
» Australian Marine Exports Group
» Australian Shipbuilding and Repair Group
» Australian Welding institute
» CCIWA
» Chamber of Commerce and Advance Cairns
» CIPS
» Defence Teaming Centre
» Fast Ferry International
» Federal Labour Business Forum
» Henderson Alliance
» Interferry
» ISO 45001
» ISO 14001
» ISO 9001
» ISO 27001
» Perth USAsia
» The 500 Club
» The Leaders' Forum of Western Australia
» West Australian Philippines Business Council

**Austal USA**
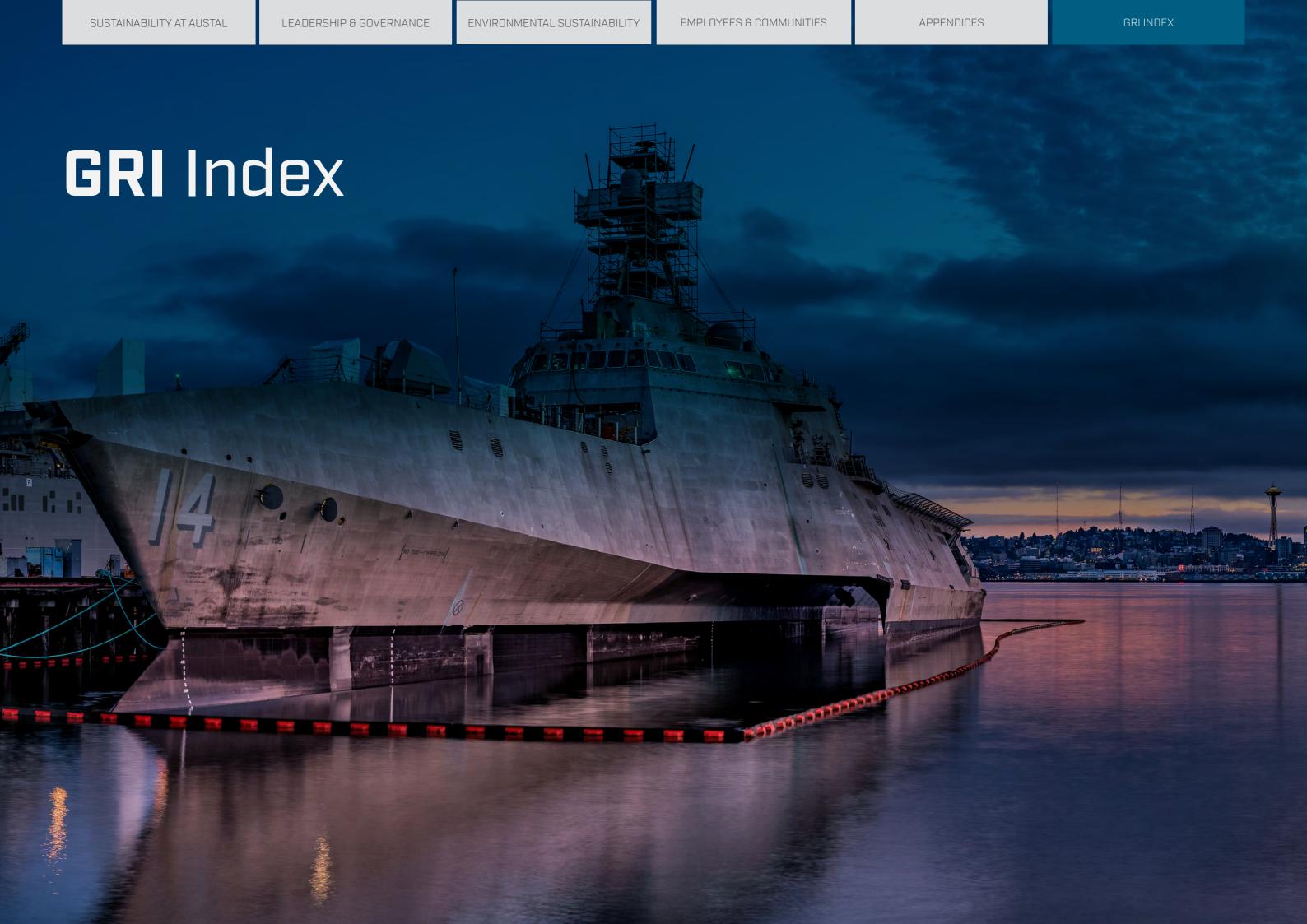
» 100 Black Men of Greater Mobile
» American Chamber of Commerce in Singapore
» American Heart Association
» American Freedom Fund
» Business Council of Alabama
» Coastal Alabama Partnership
» Dauphin Island Sea Lab
» Downtown Mobile Alliance
» Eastern Shore Chamber of Commerce
» H2Overcome
» Manufacture Alabama
» McKemie Place
» Mobile Area Chamber of Commerce
» Mobile Area Council of Engineers
» National City Chamber of Commerce
» Navy League of Mobile
» Navy League of the United States
» Navy League of the United States – Singapore Council
» Penelope House» Port of San Diego Ship Repair Association
» Little Sisters of the Poor
» San Diego Fleet Week
» San Diego Regional Chamber of Commerce
» San Diego Working Waterfront
» Shipbuilders Council of America
» Soldier On
» South Alabama Land Trust
» Southwest Mobile County Chamber of Commerce
» U.S. Coast Guard Foundation
» United Way -Southwest Alabama
» United Way - Baldwin County
» United Way - San Diego

**Austal Philippines**

» ANZCham Philippines
» ISO 14001
» ISO 9001
» ISO 27001
» Mactan Export Processing Zone Chamber of Commerce and Manufacturers
» People Management Association of the Philippines
» Philippine Society of Training & Development
» Shipping Association of the Philippines
» Shipping Association Cebu

**Austal Vietnam**

» ISO 45001
» ISO 14001
» ISO 9001
» ISO 27001

# **GRI** Index

| Statement of use | Austal has reported the information cited in this GRI content index for the period from 1 July 2023 to 30 June 2024 with reference to the GRI Standards. |
|---|---|
| GRI1 used | GRI 1: Foundation 2021 |

| GRI Standard | Disclosure reference | Disclosure title | Location[1] | Page | Notes |
|---|---|---|---|---|---|
| **General Disclosures** | | | | | |
| GRI 2: General Disclosures 2021 | 2-1 | Organisation details | About Austal | 6 | |
| | 2-2 | Entities included in the organisation's sustainability reporting | About Austal | 6 | |
| | 2-3 | Reporting period, frequency and contact point | About This Report; back cover | 54, 70 | |
| | 2-4 | Restatements of information | Performance Data Table | 55 | |
| | 2-5 | External assurance | | | No external assurance has been sought for FY24. |
| | 2-6 | Activities, value chain and other business relationships | About Austal | 6 - 7 | |
| | 2-7 | Employees | Performance Data Table | 56 | |
| | 2-8 | Workers who are not employees | | | Data unavailable. We are working on improving the data collection systems. |
| | 2-9 | Governance structure and composition | Sustainability Governance; Governance & Business Ethics – Governance Structure | 16, 42 | |
| | 2-10 | Nomination and selection of the highest governance body | Corporate Governance Statement 2024 | | |
| | 2-11 | Chair of the highest governance body | Corporate Governance Statement 2024 | | |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | Corporate Governance Statement 2024 | | |
| | 2-13 | Delegation of responsibility for managing impacts | Corporate Governance Statement 2024 | | |
| | 2-14 | Role of the highest governance body in sustainability reporting | Sustainability Governance | 16 | |
| | 2-15 | Conflicts of interest | Directors Code of Conduct | | |
| | 2-16 | Communication of critical concerns | Whistle-blower Policy | 48 | |

| GRI Standard | Disclosure reference | Disclosure title | Location[1] | Page | Notes |
|---|---|---|---|---|---|
| **General Disclosures** | | | | | |
| GRI 2: General Disclosures 2021 | 2-17 | Collective knowledge of the highest governance body | Corporate Governance Statement 2024 | | |
| | 2-18 | Evaluation of the performance of the highest governance body | Corporate Governance Statement 2024 | | |
| | 2-19 | Remuneration policies | Annual Report 2024 – Remuneration Report | | |
| | 2-20 | Process to determine remuneration | Annual Report 2024 – Remuneration Report | | |
| | 2-21 | Annual total compensation ratio | | | Data unavailable. |
| | 2-22 | Statement on sustainable development strategy | Letter from the CEO | 4 | |
| | 2-23 | Policy commitments | Governance & Business Ethics | 42 - 51 | |
| | 2-24 | Embedding policy commitments | Governance & Business Ethics | 42 - 51 | |
| | 2-25 | Processes to remediate negative impacts | Whistle-blower Policy | 48 | |
| | 2-26 | Mechanisms for seeking advice and raising concerns | Whistle-blower Policy | 48 | |
| | 2-27 | Compliance with laws and regulations | | | There are no significant instances of non-compliance with laws and regulations in FY24. |
| | 2-28 | Membership associations | Industry Associations, Not-for-profit Group Membership and ISO Certifications | 62 - 63 | |
| | 2-29 | Approach to stakeholder engagement | Stakeholder engagement and Materiality Assessment | | |
| | 2-30 | Collective bargaining agreements | | | Austal respects its employees' right to exercise freedom of association and collective bargaining. Less than one per cent of Austal's workforce is unionised in locations covered by the scope of this report. |
| GRI 3: Material Topics 2021 | 3-1 | Process to determine material topics | Stakeholder engagement and Materiality Assessment | 17 | |

[1] Name of the main section is given first, followed by the relevant subsection, e.g.: Main section – subsection, Subsection.

| GRI Standard | Disclosure reference | Disclosure title | Location[1] | Page | Notes |
|---|---|---|---|---|---|
| Material Topics | | | | | |
| Energy use | | | | | |
| GRI 302: Energy 2016 | 3-3 | Management of material topics | Environmental Sustainability | 20 | |
| | 302-1 | Energy consumption within the organisation | Performance Data Table | 55 | |
| GRI 305: emissions | 3-3 | Management of material topics | Environmental Sustainability | 20 | |
| | 305-1 | Direct (Scope 1) GHG emissions | Environmental Sustainability – Greenhouse Gas Emissions; Appendix – GHG Emissions -Methodology and Assumptions; Data Performance Table | 21, 55, 59 | |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | | 21, 55, 59 | |
| | 305-3 | Other indirect (Scope 3) GHG emissions | | 21, 55, 59, 60 | |
| | 305-4 | GHG emissions intensity | | 22, 55, 59, 60 | |
| Waste management | | | | | |
| GRI 306: Waste 2020 | 3-3 | Management of material topics | Waste Management | 27 | |
| | 306-1 | Waste generation and significant waste-related impacts | Waste Management | 27 | |
| | 306-2 | Management of significant waste-related impacts | Waste Management | 27 | |
| | 306-3 | Waste generated | Performance Data Table | 56 | |
| | 306-4 | Waste diverted from disposal | Performance Data Table | 56 | |
| Occupational health and safety | | | | | |
| GRI 403: Occupational Health and Safety 2018 | 3-3 | Management of material topics | Occupational health and safety | 36 | |
| | 403-1 | Occupational health and safety management system | Occupational health and safety | 36 | |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | Occupational health and safety | 36, 37 | |
| | 403-3 | Occupational health services | Health and wellbeing | 38 | |

| GRI Standard | Disclosure reference | Disclosure title | Location[1] | Page | Notes |
|---|---|---|---|---|---|
| Material Topics | | | | | |
| Occupational health and safety | | | | | |
| | 403-5 | Worker training on occupational health and safety | Health and wellbeing | 37 | |
| | 403-6 | Promotion of worker health | Health and wellbeing | 38 | |
| | 403-9 | Work-related injuries | Performance Data Table | 57, 58 | |
| Training and development | | | | | |
| GRI 404: Training and Education 2016 | 3-3 | Management of material topics | Training and Education | 33 | |
| | 404-1 | Average hours of training per year per employee | Performance Data Table | 57 | |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | Training and Education | 33 - 35 | |
| Supply chain governance | | | | | |
| GRI 308: Supplier Environmental Assessment 2016 | 3-3 | Management of material topics | Supply Chain Governance | 46 | |
| | 308-1 | New suppliers that were screened using environmental criteria | Performance Data Table | 58 | |
| GRI 414: Supplier Social Assessment 2016 | 3-3 | Management of material topics | Supply Chain Governance | 46 | |
| | 414-1 | New suppliers that were screened using social criteria | Performance Data Table | 58 | |

For questions regarding
Austal's 2024 ESG Report,
please contact:
**info@austal.com**

Tel: +61 8 9410 1111

**AUSTAL.COM**

**AUSTAL**