Austal Limited

2021

Environmental, Social and
Governance (ESG) Report

AUSTAL

Contents

Letter from the CEO

Austal's third sustainability report marks a step-change in our approach to environmental, social and governance management.

We have been committed to sound environmental and social practices for a number of years, adhering to relevant environmental legislation, implementing world-class health and safety practices and supporting communities in which we operate.

In our previous reports, we made clear statements that we are wholly-aligned to managing the risk of climate change and supporting global efforts to transition to a low-carbon economy.

In further cementing our commitment to join the global community in contributing to sustainable development, this year we align our sustainability report with the Global Reporting Initiative (GRI) Standards and embed this framework for future reports. By applying GRI Standards to this process, we are drawing on world's best practice and demonstrating to our stakeholders that Austal's commitment to the process is absolute.

This ESG report aims to provide an understanding of the material ESG risks and opportunities we have identified with respect to our business, as well as greater detail on what Austal is doing to address and integrate these as part of our operations and business development model.

Material issues of highest importance to our business and stakeholders include governance topics such as business conduct, ethics and compliance, cyber security as well as Board quality and shareholder rights. Social issues, human rights in our supply chain, and the health and safety of our employees have been highlighted as most material. With regards to environmental management, product sustainability, including material use, is paramount to addressing the impact our business has on the world, along with managing greenhouse gas emissions.

With specific reference to the GRI Standards, we are aware that some additional effort will be needed to ensure our data capture processes enable Austal to report fulsomely in certain areas of materiality. Our commitment to the ESG process and to our stakeholders is to implement the necessary processes to ensure we capture the appropriate data to both report and measure our performance in these areas.

With that in mind, this report includes a limited number of targets and goals for the future. We know we need to first understand our impact fully in key areas of materiality (in accordance with the GRI Standards) before we are able to set meaningful, specific and time-bound targets. We also want to ensure we consult our key stakeholders in this process.

This year, we have also taken the decision to issue this ESG report separately and independently of our annual report. We want to demonstrate to our stakeholders that our ESG disclosures warrant as much visibility as our financial reporting.

Lastly, it is important to mention that in the past year, similarly to other manufacturing businesses around the world, Austal was faced with exceptional circumstances that resulted in delays experienced on programs and associated costs caused by COVID-19 related border closures, travel restrictions and resourcing challenges. All of this has had an impact on Austal's shipbuilding operations around the world. We remained committed to supporting our people in delivering for our customers, while adapting our business operation to the environment around us.

Our sustainability journey is only beginning. However, at Austal we believe that incorporating ESG fundamentals into our everyday operations creates opportunities both for us and our stakeholders.

PADDY GREGG
Austal Chief Executive Officer

About Austal

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

For more than 30 years, Austal has designed, constructed, and supported defence and commercial vessels for the world's leading operators.

Austal's global headquarters are 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 340 vessels for more than 121 operators in 51 countries and employs more than 5,500 staff worldwide.

Austal products and services

From shipyards in Australia, the USA, the Philippines, Vietnam, and China – and service centres around the world – Austal offers naval, government and commercial operators the highest quality ships, systems and support.

Austal has grown to become the world's leading integrated designer-builders of naval and commercial vessels, in both steel and aluminium. Austal has successfully designed, constructed and delivered of 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.
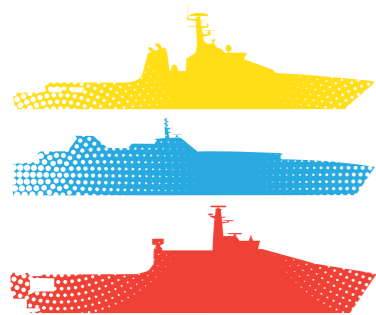
SHIPBUILDING

Development of defence and commercial vessel platforms.

Product range includes vehicle-passenger ferries, patrol boats, high speed support vessels, surface combatants and revolutionary, multi-role vessels.

SYSTEMS

Development and integration of vessel control and information management systems, such as MARINELINK, MARINELINK-Smart, Austal Motion Control and LUSI (Lifecycle Upkeep Sustainment Intelligence).
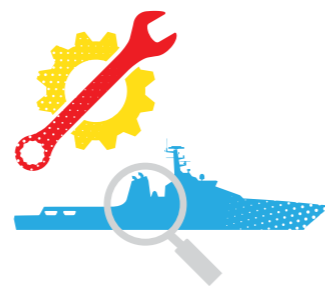
SUPPORT

Maritime support services, including crew training and instruction, vessels support and servicing, logistics support and information management systems support.

Austal shipyards, service centres and offices

AUSTAL USA
MOBILE, USA

AUSTAL AUSTRALIA
HENDERSON, AUSTRALIA

AUSTAL PHILIPPINES
BALAMBAN, PHILIPPINES

AUSTAL VIETNAM
VUNG TAU, VIETNAM

Markets served by Austal
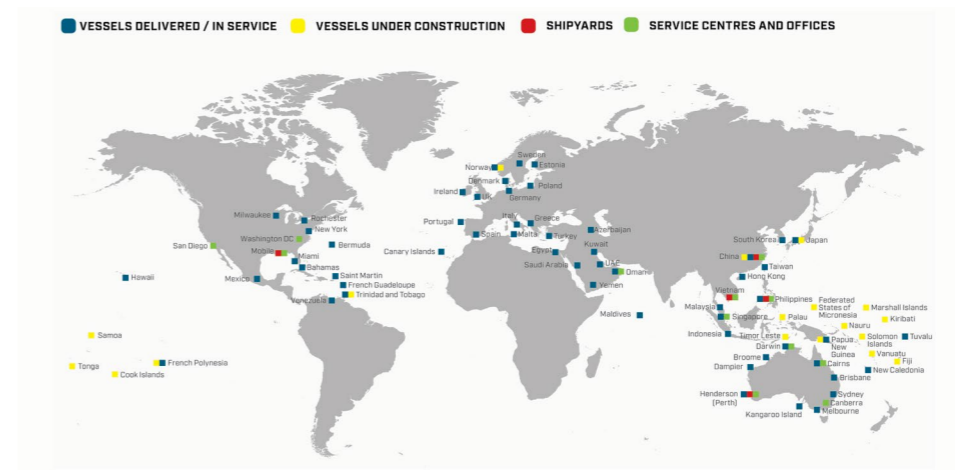
Austal Company values

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.
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.
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.

About this report

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and covers Austal's activities in the financial year 1 July 2020 until 30 June 2021. Data presented in this report is correct as at 30 June 2021.

The report covers Austal's shipyard operations in Australia, the United States, the Philippines and Vietnam. It does not cover service centres and other offices. We are exiting our joint venture operations in China which are not included in the scope of this report. At this stage, engagement with our suppliers on topics identified has been initiated and will be reported on in future reports.

Austal acknowledges that this report includes a focused number of disclosures for the past financial year.

We are developing the group's 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.

It is our intention to produce an assured and audited report in the long term, as we continue to improve our data collection processes.

Austal's last ESG report relating to FY20 was published on 21 August 2020.

FY20/21 highlights

Austal electric-powered VOLTA series

In January 2021, Austal Australia launched the VOLTA series of electric-powered high speed ferry solutions.

The VOLTA vessels feature an electric (battery) power plant as well as an integrated design, construction and support solution including on-shore charging infrastructure and in-service support programs for operators.

The vessels are capable of zero emissions, lower operating costs, and delivering a quieter and more comfortable ride to enhance the passenger experience.

Flexible working practices

Austal is applying the lessons from the COVID-19 pandemic to expand the application of working-from-home arrangements for our employees where appropriate. Austal has provided more opportunities for employees to work part-time, as well as continuing offering flexible working hours, such as a nine-day working per fortnight in Australia to allow employees to spend more time on non-work-related activities.

Production Technical Training Program in the Philippines

This year, Austal Philippines began its Production Technical Training Program, making it available to both skilled and non-skilled aspiring applicants for two months of in-classroom and practical training.

Eighty trainees were hired for the program in FY21. More than half were from Balamban, the municipality where Austal is located. Participants were assigned a training buddy to support them during the program.

All participants completed the program's first three stages: classroom theory, hands on power tools, and practical training.

SUSTAINABILITY AT AUSTAL

LEADERSHIP & GOVERNANCE

ENVIRONMENTAL SUSTAINABILITY

EMPLOYEES & COMMUNITIES

APPENDICES

GRI INDEX

Sustainability
at Austal

For the past 30 years, Austal has been a trusted, stable and reliable partner to our customers. Austal's aim is to continue to provide leadership and demonstrate best practice in the industry on behalf of our customers. This extends to managing risks associated with environmental, social and governance issues.

Austal understands the responsibility to conduct business sustainably, with consideration for the environment and communities around our operating shipyards, while delivering on our customer promise to provide innovative commercial and defence vessel platforms

We are instilling a strong team-oriented company culture that values sustainability. Such approach will allow our Company to combine long-term financial stability and business growth with strong ESG stewardship

Austal aims to be proactive and comprehensive in implementing sustainable solutions into our everyday operations.

Materiality assessment

To inform Austal's sustainability strategy, we identified issues most material to the long-term success of our business.

We engaged experienced external consultants to conduct a materiality assessment workshop with the Company's key business unit leaders. We considered a number of material issues that reflect the impact of our business on the world around us. Through discussions and careful consideration, we arrived at a materiality assessment matrix which includes 19 material topics. All topics have been prioritised by ranking their importance.

This materiality matrix will continue to develop as we constantly review and improve our sustainability practices.

The materiality matrix below was completed in accordance with the Global Reporting Initiative Standards and was approved by Austal's leadership team on 8 September 2021.

Stakeholder engagement

We aim to develop a process for stakeholder engagement on material topics identified in the next reporting cycle.

For this reporting cycle, we considered the views of our key stakeholders, based on existing engagements and conversations related to sustainability.

Austal's Key Stakeholders

Shareholders Employees Clients Suppliers Industry

Key ESG priorities

Using the materiality matrix, we distilled key ESG priorities for the future. At this stage, we are working to fully understand the extent of our Company's impact and to develop essential data collection processes and procedures to help us set clear goals for each of the areas identified below.

In this reporting cycle, we focused on key disclosures:

Environmental	Social	Governance
Operational sustainability » Evaluation and disclosure of greenhouse gas emissions for Scope 1, 2, 3 » Assessment and disclosure of waste generated across the Company » Energy and water usage assessment is underway and will be disclosed in the next reporting cycle **Product sustainability** » Evaluation and disclosure of the through-life greenhouse gas emissions associated with the operation of Austal vessels by our customers » Material usage assessment is underway and will be disclosed in the next reporting cycle	**Human rights in the supply chain** » Disclosure of existing policies and Company approaches to supply chain assessment **Occupational health and safety** » Disclosure of existing health and safety policies, including key metrics used to evaluate the existing approach and strategy **Supporting local communities** » Disclosure of key community initiatives **Diversity and inclusion** » Disclosure of diversity and inclusion policies and key metric and targets set for the future, including gender diversity in the workforce	**Business conduct, ethics and compliance** » Disclosure of key Company policies outlining conduct, ethics and compliance approach **Cyber security** » Disclosure of existing policies and approaches **Board quality** » Disclosure of Board composition, diversity, performance and remuneration policies **Shareholder rights** » Disclosure of share trading policy and shareholder rights

Alignment of the report with UN SDGs

We recognise the United Nations (UN) Sustainable Development Goals (SDGs) in guiding international efforts to achieve sustainable development.

We have identified seven SDGs relevant to our business where we can have the greatest impact and positive contribution.

Leadership and Governance

The Austal Values

Austal, its Board of Directors and senior management are committed to the best practices of corporate governance, ethical standards, corporate social responsibility, and risk management.

In formulating those values, the Board has considered the behaviours needed to build long term sustainable value for our shareholders.

The Board has approved Austal's Value Statement and has empowered the senior executive team to instill those values across the Company. This includes ensuring that all employees receive appropriate training on the values and senior executives continually reference and reinforce those values in their interactions with staff.

Customer

Our customer is the focus of everything we do

» We focus on being the best and the most efficient ship designer, builder and service provider for our customers and we deliver on our commitments.

» As our customers pay for value in the products and services we deliver, we ask, "Would the customer want to pay for what I'm doing right now?"
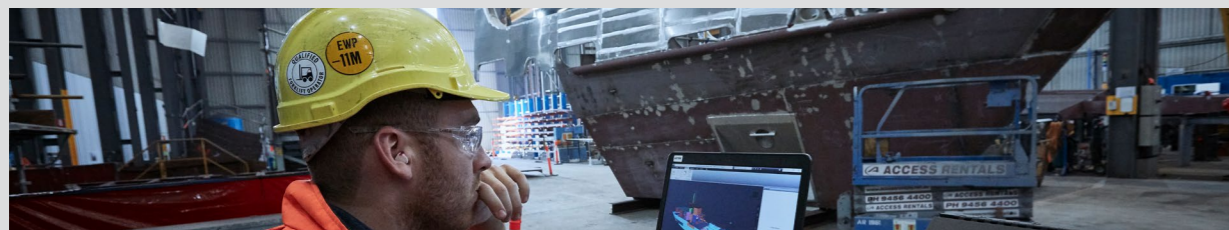
Excellence

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.

» We're willing to challenge ourselves to do better, we explore ways to improve, we seek feedback from others about our past performance and we're willing to change our behaviour if necessary.

» We encourage a 'can do' culture and we don't let small or manageable risks be reason for not proceeding.

» We're consultative and we engage with others before making substantial decisions.

» We're prudent with expenditure; we demonstrate sensible frugality.

» We fight bureaucracy within the Company with passion, aiming to eliminate 'non-value add' processes, actions or procedures.

» "Why are we doing this?" should be asked across all areas.

» services we deliver, we ask, "Would the customer want to pay for what I'm doing right now?"

Integrity

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

» We respect our fellow team members and treat them with integrity, honesty and equality, regardless of position.

» We have an 'open door policy' and foster an environment of collaboration, high performance and mutual respect.

» We're honest in all our dealings, open to the scrutiny of others and accountable for our actions.

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.

» We work together cooperatively and efficiently for success.

» We are inclusive and we value diversity.

» Leaders are in charge but seek to support and empower their teams; there's no place for big egos at Austal.

» Leaders communicate readily with their team members at all levels, not solely through their respective line managers.

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 chief executive officer 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.

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.

Austal USA

Austal USA is a contractor to the US Department of Defense and Austal Limited is a foreign Company in the US jurisdiction. This requires the entities to be subject to the rules regarding Foreign Ownership, Control, or Influence (FOCI). Consequently, Austal USA and Austal Limited entered into a Special Security Agreement (SSA) with the U.S. Department of Defense to ensure compliance with FOCI.

Accordingly, Austal USA is required to operate with a high level of autonomy for a wholly-owned subsidiary. Austal USA's President has ultimate responsibility for the day-to-day operations at Austal USA, and Austal USA has its own Board of Managers that have governing authority over the Company, and who oversee the performance of the AUSA President.

Board Structure

The Board has six members: a non-executive chairman, the chief executive officer, and four independent directors:

» John Rothwell AO – Non-executive Chair

» Paddy Gregg – Chief Executive Officer

» Sarah Adam-Gedge – Independent Non-Executive Director and Deputy Chair

» Giles Everist – Independent Non-Executive Director

» Chris Indermaur – Independent Non-Executive Director

» Michael McCormack – Independent Non-Executive Director

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of Directors and for the operation of the Board. Identification of potential Board candidates is subject to the verification of the candidate's experience as well as informal references as to character and particular skills. Further information about appointment of directors can be found in Austal's Corporate Governance Statement.

The Board is supported by two sub-committees:

Nomination and Remuneration Committee

The Nomination & Remuneration Committee is made up of four independent Directors and the Non-Executive Chairman. It reviews and makes recommendations to the Board in relation to:

» candidates for vacant Board positions, as well as the remuneration of directors and key executives;

» the implementation of a process for evaluating the performance of the Board, its committees and directors;

» the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in light of this evaluation, preparing a description of a role and capabilities required for a particular appointment;

» the appointment and re-election of directors;

» Board succession planning generally; and

» remuneration of the Board and senior executives.

Audit and Risk Committee

Austal's Audit & Risk Committee has four members, all of whom are independent Non-Executive Directors.

The committee also benefits from the attendance of Austal's auditors at all of its meetings throughout the year.

The Audit & Risk Committee's functions are described in its charter, which is reviewed annually and updated as required, and is published on Austal's website. These functions include:

» reviewing the adequacy of Austal's corporate reporting processes and internal control framework;

» reviewing whether Austal's financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company;

» reviewing the appropriateness of the accounting judgements or choices exercised by management in preparing Austal's financial statements;

» reviewing the internal controls, policies and procedures Austal uses to identify and manage business risks;

» reviewing and shaping the policies and procedures for ensuring compliance with relevant regulatory and legal requirements, and good corporate governance practice;

» ensuring compliance with statutory reporting responsibilities;

» assessing the effectiveness of the management of business risk and reliability of management reporting; and

» reporting any significant deficiencies in the above to the Board.

» In addition to the above, committee (in accordance with its charter) annually reviews the performance of the external auditor on behalf of the Board, focusing particularly on:

» the appointment or removal of the external auditor;

» the fees payable to the auditor for audit and non-audit work;

» the rotation of the audit engagement partner;

» the scope and adequacy of the external audit;

» the independence and performance of the external auditor; and

» any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor.

Board Performance

Each Board member, and the Board together, are the subject of an annual performance review and evaluation. The performance criteria and skills matrix against which directors are assessed are also reviewed to ensure alignment with the Company's financial and non-financial objectives.

The results of such Board reviews and assessments are discussed annually at meetings of the Board and the Nomination & Remuneration Committee to ensure any opportunities to broaden the Board's collective capability are addressed.

Austal periodically reviews (typically, as part of the annual review of Board performance) whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively. Directors who would benefit from additional professional development may be offered additional training or opportunities. Directors whose performance is consistently unsatisfactory may be asked to resign.

Board diversity

The Board has adopted an Equity and Diversity policy which is periodically reviewed to check that it is operating effectively and whether any changes are required. This policy can be found on Austal's website. The policy was updated in 2021 to include measurable targets for employing women across the workforce, with targets for the Board including:

» Forty per cent of Board members to be women by 30 June 2022. Previously 20 per cent of Austal's Board members were women, however the addition of Mick McCormack in September 2020 reduced this to 16.6 per cent. Austal is focused on increasing the proportion of women on its Board to counter this change.

Austal also focuses on improving Board diversity through workplace practices:

» Making diversity as 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.

Remuneration policy

It is our objective to provide maximum stakeholder benefit from the attraction, retention and motivation of a high-quality Board and executive team, by remunerating directors and key executives fairly and appropriately, with reference to relevant market conditions.

The Company has delegated the specific responsibility of maintaining its remuneration policy to the Nomination & Remuneration Committee.

The key objectives of the remuneration policy are to:

» strike the right balance between meeting shareholders' expectations, paying our employees competitively, and responding appropriately to the regulatory environment;

» motivate executives to pursue the long-term success of Austal; and

» clearly demonstrate the relationship between executives' performance and remuneration, and the alignment of these two factors.

Austal's approach to remuneration, including the structuring of executive remuneration and the role of incentives, is set out in detail in the Remuneration Report, which appears in our Annual Report.

It outlines Austal's remuneration policies and practices in respect of executive and non-executive directors. Further details and context appear in Austal's Nomination and Remuneration Committee Charter on our website.

Only executives and employees are eligible to participate in Austal's incentive schemes (whether those schemes are based on STI, LTI or employee share plans).

Non-executive directors are currently paid a fixed fee which does not include any performance-based remuneration to maximise the benefit of their independence and eliminate the potential for conflicts of interest to arise.

A quarter of non-executive directors' fixed fees is paid in equity, in the form of share rights, until the director accumulates a shareholding at least equal to one year's base remuneration. This allows non-executive directors to build up a meaningful shareholding in the Company without compromising their independence, thus improving alignment between the long-term interests of shareholders and the execution of duties by non-executive directors. These share rights are not tied to any performance hurdles.

Organisation structure

- » Executive Leadership Team
- » Corporate Finance
- » Information and Communications Technology (ICT)
- » Legal
- » Technology
- » Human Resources

- » Design and Engineering
- » Sales and Business Development
- » Programs/Supply Chain
- » Production
- » In Service Support (Austal Darwin, Austal Cairns and Austal Brisbane)
- » Health, Safety, Environment and Quality (HSEQ)
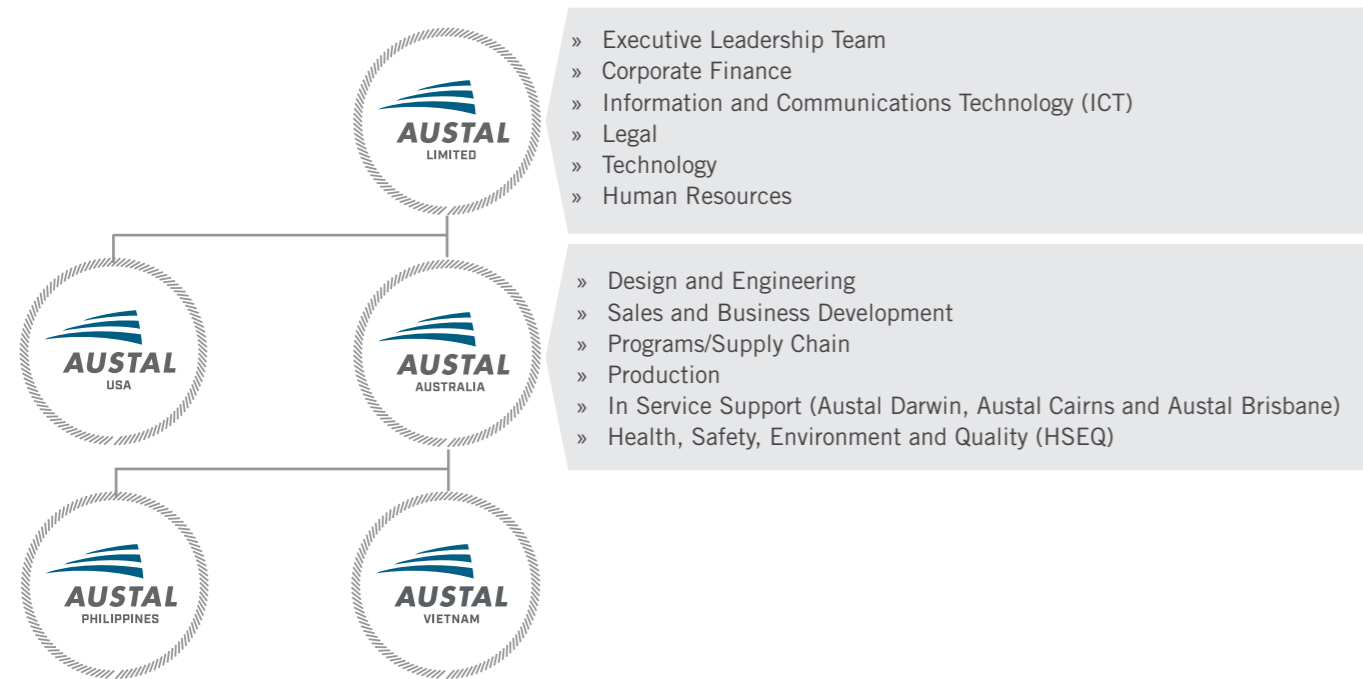
Sustainability governance

Austal established committees which are responsible for good environmental and social governance:

Austal Health Safety, Environment and Quality (HSEQ) – the HSEQ Manager and supporting team are responsible for ensuring Austal conducts its business in a responsible and sustainable way and in a manner designed to promote a culture where environmental issues, and their control, are a primary consideration for the business. Our regional operations also comply with region-specific HSEQ legislation where it exists.

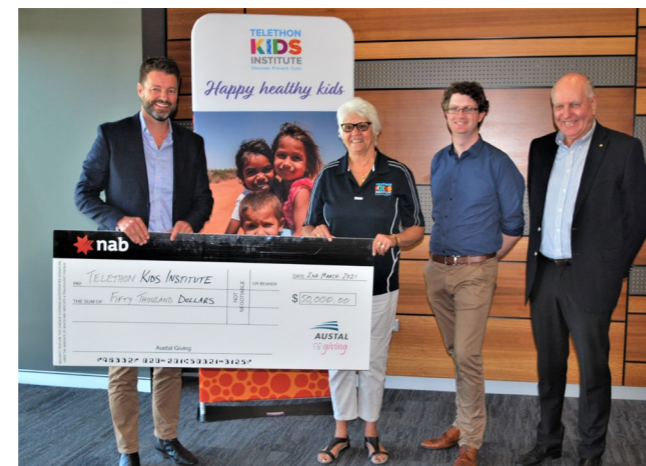**Austal Giving Committee** – as part of Austal's commitment to corporate social responsibility, Austal Australia has established Austal Giving. This is a dedicated program with funding to provide philanthropic assistance to worthwhile community programs in regions where Austal believes it can have the most beneficial impact.

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 & Risk Committee.

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; and
- » monitoring management's internal control programs, processes and policies which deal with the Company's reporting systems.

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 & 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

Although Austal does not have a dedicated internal audit function, we have 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.

Given we have operations globally, Austal is exposed to economic and political risks in the form of currency movements and supplier and customer security. We have 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, help us 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 sound and we are operating with due regard to the risk appetite set by the Board. These risk reviews principally address risks under the following categories as they relate to the specific Australian, US or Philippines 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;

» specific vessel risks; and

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

Austal undertook a risk review during the financial year ending 30 June 2021.

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

We recognise that protecting our Company's intellectual property, our customer's and supplier's data and other sensitive Company 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.

We implement comprehensive cyber security measures to protect the Company's information and systems from data breaches and cyber incidents.

Austal is constantly seeking to strengthen these protection measures, which range from technical controls across our network, to software and hardware layers and a curriculum of employee training in cyber awareness. Austal has structured these initiatives to meet the recommendations of the Australian Signals Directorate Australian Cyber Security Centre's (ACSC) Essential Eight mitigation strategies.

Austal is a member of the Australian Government's Defence Industry Security Program (DISP) and is working actively with several independent accreditation agencies to achieve relevant cyber security certification of its corporate networks, on-vessel systems and proprietary digital products.
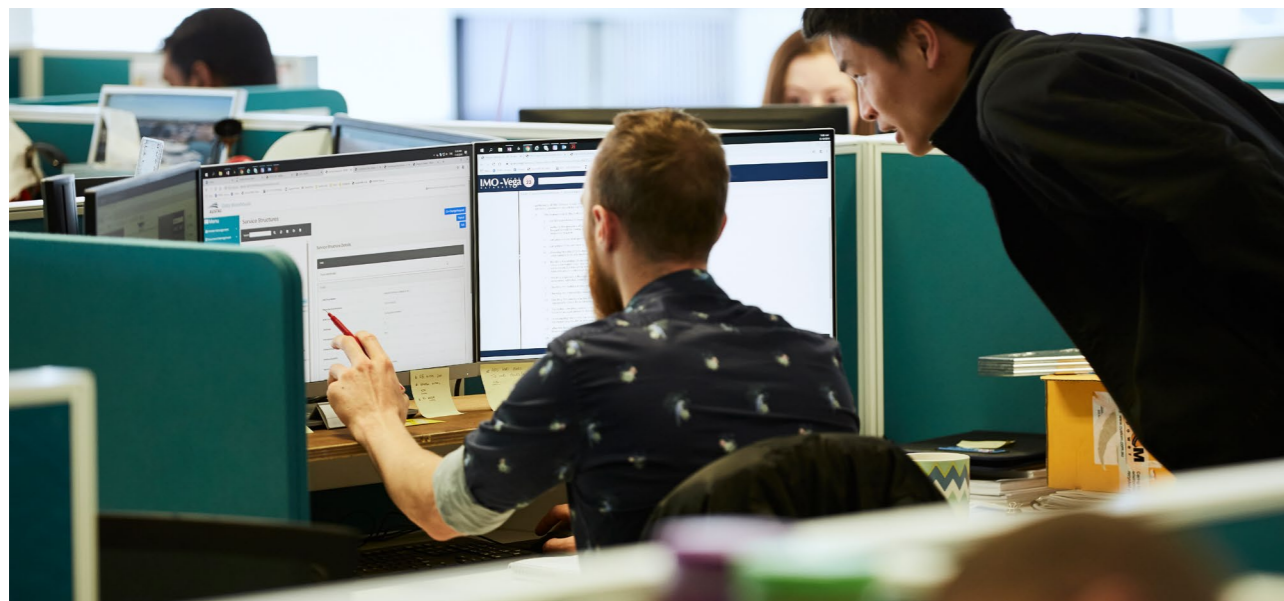
Australia, Philippines and Vietnam

Austal has dedicated specialist staff responsible for data and IT governance, along with a formal privacy policy approved by Austal's Board. Our cyber incident response plan is regularly tested.

We maintain compliance with all applicable privacy regulations.

We implemented several protections across our business, including:

» firewalls and antivirus

» vulnerability scans

» advanced endpoint protection

» intrusion detection systems

» encryption of data in transmission

» multi-factor authentication

» regular data and critical system backups

In addition, we have ongoing staff training on cyber-related matters.

Australian Defence Industry Security Program

As a defence provider to the Commonwealth of Australia, we are required to be certified under the Department of Defence's Defence Industry Security Program.

Austal USA

Austal USA's (AUSA) IT systems and networks standalone from the rest of the Austal Group network systems.

AUSA undertakes regular cyber security training and educational exercises with all staff. The Company also employs a team of IT security specialists with a dedicated internal IT Security Manager.

As a prime contractor to the US Department of Defence, AUSA is required to comply with the National Institute of Standards and Technology (NIST) SP800-171 standard.

Achieving NIST 800-171 compliance requires Austal to implement and maintain:

» robust data access policies;

» systems that can scale to protect different kinds of sensitive data;

» risk management in general, including reducing risks of both insider threats and data breaches;

» implementation of a risk management common framework.

AUSA developed a System Security Plan and a Plan of Action and Milestones that is in line with the NIST 800-171 standard. Austal USA must also address fourteen security requirement categories in the NIST 800-171.

Austal USA was recorded as fully compliant in an audit by the Department of Justice in respect of NIST 800-171 in March 2020.

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. We have adopted codes of conduct for employees.

As well as our general code of conduct, a code of conduct has also been developed specifically for directors:

» 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 Director's Code of Conduct is published on Austal's website.

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.

The code of conduct is reviewed periodically to ensure it is effective and requires updating. Employee performance reviews also include a review of behaviours to ensure alignment with the code.

Supply chain governance – human rights

Austal's approach to human rights in Australasia is guided by the Australian Government's Modern Slavery Act 2018, as well as any local requirements in Vietnam and Philippines.

As Austal US operates as a separate legal entity, it has a separate human rights policy, in line with requirements of the US Federal Government.

Our approach and actions taken in the region are outlined below.

Australasia

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.

Austal's Modern Slavery Statement is published on the corporate governance section of our website. It sets out our approach to assessing and responding to the potential for modern slavery to be present in our business. Our ongoing approach to managing the risk of modern slavery includes:

» completing the development of a bespoke risk assessment tool and embedding it into the supplier risk assessment process;

» continuing training for the Australasia business unit, new employees, contractors and suppliers; and

» undertaking robust assessment and evaluation of suppliers and contractors who supply the Company with products assessed in the 'High' category of our Product Risk Assessment matrix.

During FY2021, we undertook detailed audits into two of our key suppliers which had been identified as providing products that fall in the high risk category of our risk matrix.

The first was a large, well-established multinational that was able to satisfactorily demonstrate compliance with both Austal's and its own policies for eliminating or preventing modern slavery in its supply chain. This Company was selected as it operates in the electronics industry which the Company assesses as potentially high risk due to the complex and often widely distributed makeup of supply chains.

The second was a manufacturer that draws from the textiles industry. While its existing policies were less mature, it engaged with our representatives and was able to provide detail and operational insights that gave us assurance that that modern slavery does not exist in its supply chain. That entity continues to engage with Austal to identify opportunities for improvement, including by participating in Austal training on modern slavery and associated supply chain issues. It is worth noting that as a small to medium business, it is not required by Commonwealth laws to report on modern slavery, however in view of its importance in Austal's supply chain, we determined it was appropriate for an audit.

Austal will broaden its detailed audits for FY22 to include key suppliers in both the Philippines and Vietnam supply chains, as well as provide training across the group and to new and key suppliers.

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; and

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

Whistleblower policy

Austal's whistleblower policy applies to Austal Limited and all its subsidiaries. It gives all directors, officers, and employees the ability to speak out if they have concerns about any unlawful, unethical, or irresponsible behavior within the Company. Austal has set up an external helpline to assist the reporting of suspected reportable conduct under the policy.

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

Under that policy, all employees are encouraged to speak out if they have concerns about any unlawful,

unethical, or irresponsible behaviour within the Company. We have an external helpline to report, or receive guidance reporting, suspected reportable conduct, which can be done anonymously. The CEO is informed of all incidents reported under the Whistleblower Policy (other than those which involve the CEO or a senior executive that reports directly to the CEO, where the matter will be referred directly to the Chair of the Audit & Risk Committee). The CEO reports any material incidents under the policy to the Board.

Anti-bribery and corruption policy

Austal has an anti-bribery and corruption policy, a slightly modified version of which is available on Austal's public website.

The detailed policy is available to all employees through Austal's intranet. It details around authority

thresholds and other material that the Austal considers to be commercially sensitive.

Internal training in Austal's anti-bribery policy is provided and there have been no instances of breach of the policy to date.

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; and

» 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.

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.

In 2020, the AGM was conducted via live video webcast because of Covid-19 restrictions, enabling shareholders to ask live questions of directors and management. Video and oral presentations were also shared through the webcast platform.

At the time of this report's publication, we are considering how the AGM for 2021 will be held, having regard to ASIC's "no action" position on the Treasury Laws Amendment (2021 Measures No.1) Bill 2021.

Security holders unable to attend an AGM can submit questions or comments ahead of the meeting through a dedicated email address.

Environmental
Sustainability
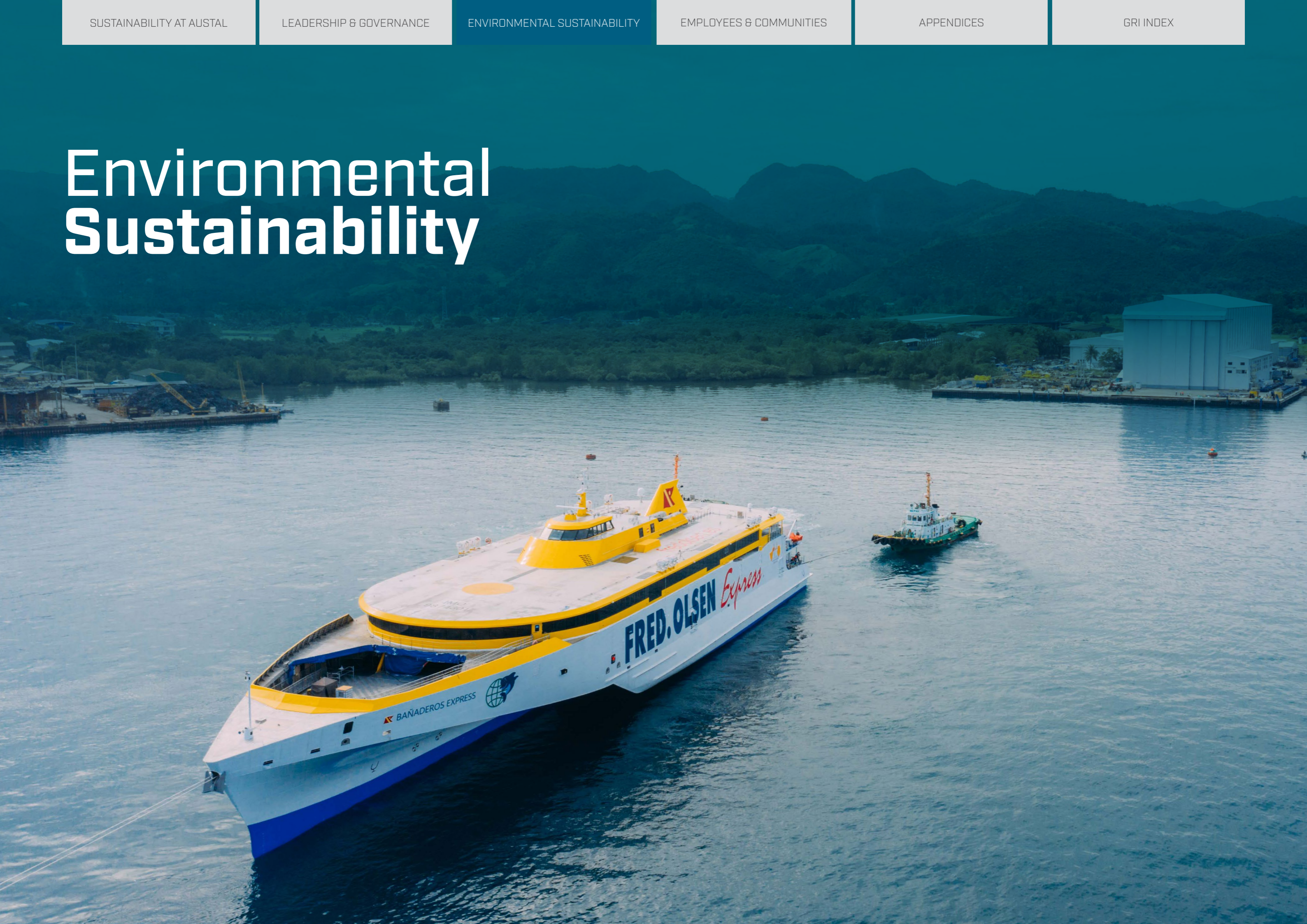
Austal's aim is to conduct our business responsibly. We recognise that our Company must adapt to operating more sustainably, to the benefit of the communities we are present in as well as our customers. At Austal, we want to instill a culture where environmental issues, and their control and continuous improvement, are a primary consideration within the Company. We are embedding a culture of preventing harm to the environment.

Austal is committed to managing the environmental impact of our operations and products, to contribute to the global transition to a low-carbon economy.

The principles that underpin our commitments include:

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

» Environmental management should be integrated into our everyday operations, both in developing solutions for customers and in assessing the way we conduct our operations.

» Natural resources should be conserved where possible, by reusing and recycling materials or, where possible, not using them at all.

» Caring for the environment means proactively preventing harm.

We are in the process of establishing data collection practices across the different markets we operate in. This includes liaising with our suppliers to begin discussions about sustainability metrics we would like them to consider and 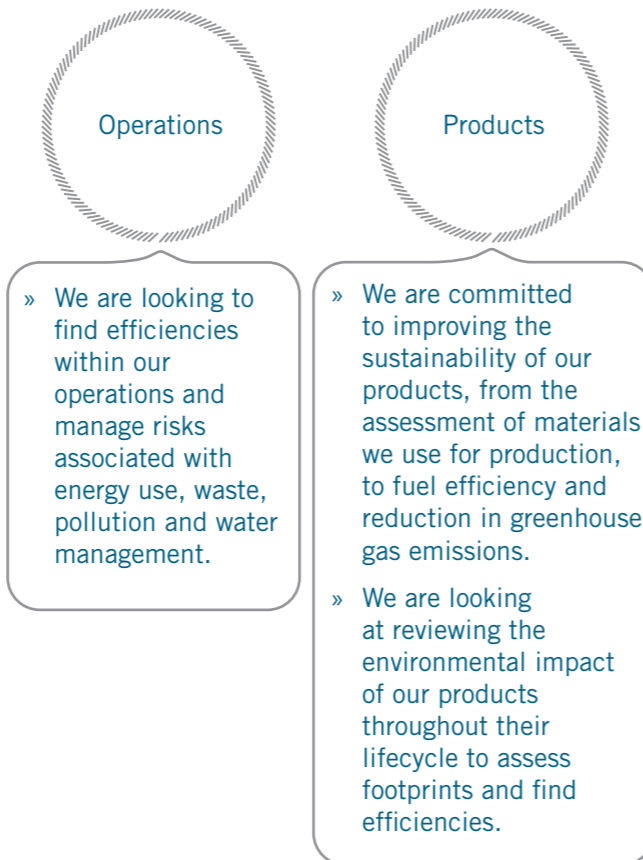provide in the future. We want to be able to assess our impact and develop strategies and targets to minimise environmental harm.

We look at environmental management through two lenses:

Operations

Products

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

» 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.

Environmental management

Austal regularly monitors environmental and social risks as they relate to our operations in Australia, the United States, the Philippines and Vietnam.

Health, Safety and Environmental teams

Each of Austal's operation sites has a dedicated and experienced Health, Safety and Environmental teams who assess manufacturing practices against environmental indicators and seek opportunities for improvement. The teams are tasked with ensuring that our business is conducted in a responsible, sustainable way and in a manner designed to promote a culture where environmental issues, and their control, are a primary consideration within the business.

Environmental Management System

Austal maintains an environmental management system that conforms to recognised standards such as ISO 14001, integrated within the Austal Business Management System.

Research and development

The research and development team at Austal is responsible for developing beneficial climate-related strategies and opportunities around both the vessel production process and the product itself.

Greenhouse Gas Emissions

This year, we expanded the number of ESG performance metrics to monitor and on which to report. For the first time, we worked to estimate the Scope 1, 2 and 3 greenhouse gas emissions (GHG) for the whole of our Company.

To provide context to disclosures included in this section, Scope 1 GHG emissions cover direct emissions from sources owned and controlled by Austal, such as combustion emissions from the sea trials we conduct and other transport. Scope 2 emissions cover indirect emissions from the generation of purchased electricity. Scope 3 emissions include all other indirect emissions that occur in our value chain; these include upstream activities, such as emissions related to the purchase of materials incorporated into our vessels, business travel and vessel delivery voyages; Scope 3 downstream emissions include emissions associated with the lifecycle of our vessels once they have been delivered to our customers.

The most significant elements 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 (other than structural steel and aluminium) incorporated into the vessels produced;

» electricity used across our operational sites;

» fuel consumed during sea trials; and

» fuel consumed during delivery voyages.

In this reporting cycle, Austal is reporting GHG emissions for its global operations, encompassing Australia, Philippines, Vietnam and the United States, in the following categories:

» Gross direct (Scope 1) GHG emissions in tons of CO_2.

» Gross location-based energy indirect (Scope 2) GHG emissions in tons of CO_2.

» Gross other indirect (Scope 3) GHG emissions in tons of CO_2 (both upstream and downstream).

The through-life GHG emissions associated with the operation by its customers of the vessels Austal delivers are also estimated and declared as part of Austal's downstream Scope 3 emissions.

Austal GHG Emissions

Gross Direct (Scope 1)
7,192 t-CO2

Gross location-based energy indirect (Scope 2)
20,913 t-CO2

Gross other indirect (Scope 3)
6,441,840 t-CO2

Scope 3 upstream
124,726 t-CO2

Scope 3 downstream
6,317,115 t-CO2
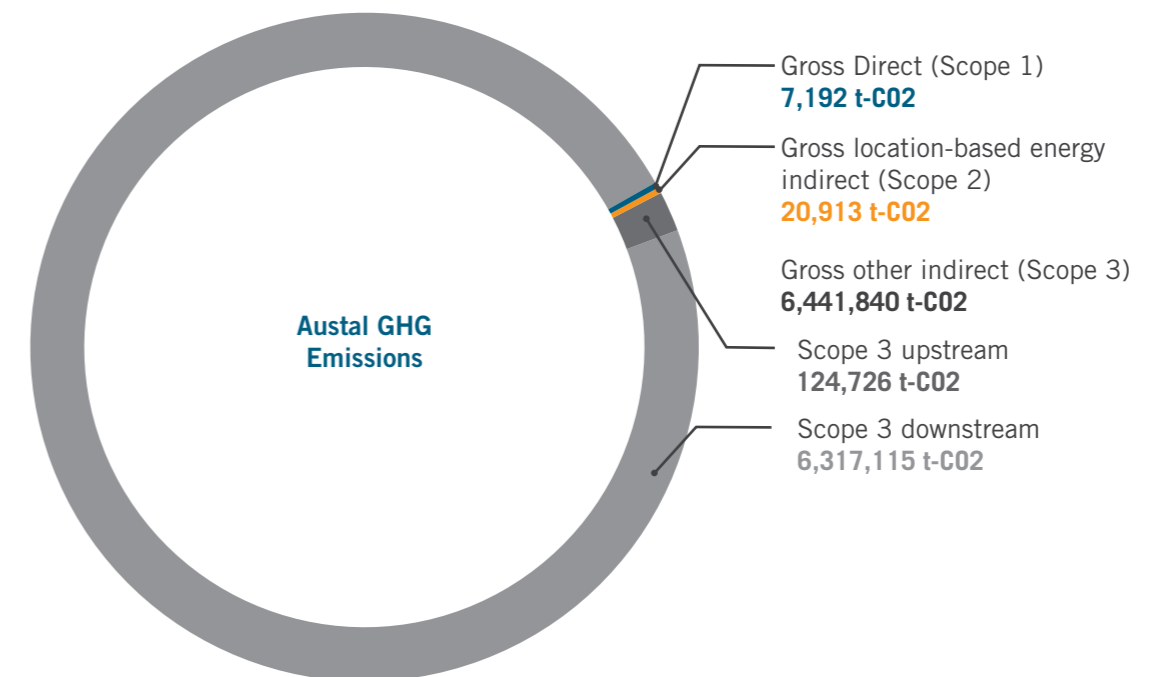
Methodology and assumptions

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.

We plan to continue working on our GHG emissions estimation methodology to refine it as we work with our suppliers to receive more data.

Methodology and key assumptions used in our calculations include:

» Our Scope 1 and Scope 2 emissions include those from fuel consumed by Austal-built vessels during commissioning and sea-trials activity conducted during the 12-month reporting period (Scope 1) as well as electricity consumed during the reporting period (Scope 2).

» Our Scope 3 emissions are those associated only with vessels and services delivered to customers during the 12-month reporting period. This includes the upstream emissions from the supply chain of materials and equipment associated with the manufacture of these vessels; the vessel's delivery voyage from the shipyard; and the estimated through-life emissions from the operation of the vessels by our customers. As vessel construction takes place over more than one year, some of the materials and equipment will have been purchased and receipted in the prior financial year. Scope 3 emissions therefore do not include materials and equipment procured for vessels that were under construction but not delivered in FY20/21. These will be counted in subsequent years when vessel delivery occurs.

» As such, Austal's declared FY20/21 Scope 1 and Scope 2 emissions, having directly occurred during the reporting period, are not aligned in time with the Scope 3 emissions which span the current year, prior years (through our supply chain) and future years (through our customers) emissions.

In the future, we plan to monitor emissions by business location as well as using a CO_2-e per tonne of aluminium in delivered vessels to provide general scalar for the level of business activity.

The detailed approach we have taken in calculating GHG emissions for this financial year is included in the report's GHG emissions methodology and assumptions in the first section of the Appendices.

Product lifecycle GHG emissions

Over an assumed 25-year operational life of a new diesel-powered vessel, operational emissions are estimated to significantly exceed the emissions associated with the manufacturing and delivery of the vessel.

The following factors provide context for the impact our products have in operation, relative to manufacture and in contrast with automobiles.

In contrast to a typical commuter vehicle a ferry has:

» A longer operational life, with Austal's calculations based on a 25-year average.

» A higher daily operational use, with Austal's vessels operating between six and twelve hours per day.

» A higher motive energy requirement, particularly for high-speed vessels, due to water resistance.

Reducing Austal's GHG emissions

Austal is actively pursuing and investigating a range of initiatives to reduce the lifecycle GHG emissions intensity of our products. In the future, we will look to develop targets for emissions reduction as the technical and economic feasibility of these initiatives are confirmed. Examples of these initiatives include:

» Designing a range of low and zero carbon emissions vessels, including the VOLTA family of battery electric vessels and larger vessels, utilizing "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 hull form through water;

» Developing the MARINELINK-Smart 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.

» Deploying energy efficiency initiatives, such as installation of solar panels and batteries at Austal facilities and power purchase agreements for renewably generated electricity were available; and

» Purchasing "green aluminium" produced from renewable electricity and without carbon anodes, or incorporating higher quantities of recycled aluminium.

Austal is also considering upgrading 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. This will have the impact on reducing the through-life (Scope 3) emissions of Austal's existing fleet, including vessels delivered in the FY20/21 reporting period where the key assumption has been that they will continue to burn diesel through a 25-year life without any change in fuel mix, propulsion train or operational optimisation to improve efficiency.

To maximize our impact and deliver these initiatives, we will have to work closely with suppliers and customers to design and build more efficient vessels and entirely new integrated solutions. These span the vessel power-train as well as the shore-based infrastructure for re-charging and/or re-fueling with alternative fuels. The design and engineering challenges, as well as financing challenges, are considerably more complex than traditional diesel boats. Austal believes it is uniquely positioned to help customers meet this challenge and there-by address their own Scope 1 emissions reduction targets.

Austal VOLTA series

In January 2021, Austal Australia launched the VOLTA series of electric-powered high speed ferry solutions, with the introduction of the Passenger Express 46V, a fully electric-powered 46-metre catamaran ferry design.

Austal's VOLTA series features an electric battery power plant as well as an integrated design, construction, and support solution – including on-shore charging infrastructure and in-service support programs for operators.

We worked to develop lightweight, low-resistance hull forms, specifically designed, tested and optimised for electric-power propulsion, with lithium-ion batteries.

The VOLTA series vessels are capable of zero emissions, lower operating costs, a quieter and more comfortable ride.

Austal plans to expand the VOLTA series, developing additional models for both commercial and defence applications, including autonomous vessels. We will also continue research and development into emerging propulsion technology, to deliver zero emission marine solutions globally.

VOLTA Passenger Express 46V

The Passenger Express 46V is a high-speed passenger ferry, designed to provide an environmentally friendly, economical vessel ideal for metropolitan, inland waterway commuter ferry services. The boat has a capacity of up to 450 passengers, a maximum speed of 25 knots and fast charging capability, with a range of over 175 nautical miles per day.

MARINELINK-Smart

MARINELINK-Smart is part of Austal's MARINELINK product suite, which delivers digital solutions to Austal vessels.

MARINELINK-Smart helps optimise vessel performance. Its machine learning algorithms continuously monitor and analyse vessel data to recommend settings, parameters and feedback for the crew to action in real-time. The crew can obtain recommended settings via tablets on the bridge to improve fuel consumption, passenger comfort and on-time arrival.

Each recommendation is based on algorithms that model the ship's predicted fuel and passenger comfort performance over the course of a journey. Hundreds of hours of real-world vessel data, combined with Austal's unique understanding as the ship designer of your ships characteristics, are used to generate the recommendations. More features are currently in development.

Austal published an analysis of the system's potential to reduce fuel use.[1]

Fuel efficiency improvements

As part of Austal's collaboration in developing MARINELINK-Smart with Fred Olsen Express, Austal installed MARINELINK-Smart onto the 66m Catamaran Bocayna Express, built by Austal in 2003.

Between September 2019 and February 2020 Bocayna Express conducted over 1,500 individual journeys between Lanzarote and Fuerteventura (a roughly 8nm route).

Results:

» Saved 2% on fuel by advising crew with optimum interceptor settings.

» Saved 4% on fuel by advising crew on optimum static trim.

» Saved 4.5% on fuel by advising on both optimum static trim and interceptor.

[1] Rafiee, A., van-Someren, M. Improving Efficiency of High Speed Craft using Machine Learning and Big Data, 2021.

Materials

An Austal vessel is a complex manufactured product that integrates structural materials, such as aluminium and steel, and thousands of fabricated and purchased components and equipment, such as electrical wiring, fuel systems and engines, heating, ventilation and air conditioning (HVAC) plants, seating, windows and kitchen and toilet facilities.

In our choice of materials, we consider material longevity, durability, and repairability to ensure the vessels we construct are efficient and long-lasting. Our aim is to manufacture vessels that are highly economical over their lifecycle.

Aluminium

Austal is the largest global manufacturer of aluminium vessels. Aluminium is light, strong and durable. It offers a better fuel economy compared with a steel hull vessel, with fuel consumption many times lower for a vessel of similar size attempting to travel 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 Scope 3 GHG emissions.

Austal will 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.

Energy

Austal's energy impact occurs in two main areas of operations and the manufacturing process, it includes:

» **Transport fuel** used in Austal's owned vessels and generators. Such fuel is used in sea trials and in on-site generators and Company owned vehicles; and

» **Purchased electricity** used in offices and manufacturing sites.

We are working on our data collection processes. We aim to report on our energy use for Australia, the US, Vietnam and Philippines in the next reporting cycle.

Water

Austal's primary sources of water is third-party produced water.

We do not use any water for any processes related to shipbuilding nor do we withdraw water from any sources that are considered "water stressed." Water is used by employees for everyday activities. All water used by Austal is diverted to local treatment plants.

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.

As water is not used in our manufacturing processes, all wastewater is handled in accordance with local practices and by third-party providers.

All future activities that require use of third-party water for shipbuilding would have to be permitted by local environmental agencies, with appropriate processes implemented by Austal throughout the manufacturing process.

We are working on our data collection processes. We aim to report on our water use for Australia, the US, Vietnam and Philippines in the next reporting cycle.

Interactions with water as a shared source – Austal USA

Wherever possible, Austal utilises other water sources, such as stormwater runoff from rain and snow events.

Austal USA locations experience significant rainfall throughout the year, for example, Mobile, AL, receives approximately 66 inches of rain/year. This stormwater runoff can impact the local ecosystems. Austal must adhere to standards set forth by the United States Environmental Protection Agency (EPA) and its National Pollutant Discharge Elimination System (NPDES) stormwater permit to maintain compliance and protect the area's natural resources.

Austal must sample water quality from runoff sources and submit data to local environmental agencies. These agencies conduct audits of the sites at least annually, to ensure compliance with all programs and policies. The only source of stormwater discharge at Austal USA is in Mobile, AL, and discharge is received by the Mobile River and Mobile Bay.

In addition to stormwater permits issued by the State and to continue efforts to minimise impact to receiving waters and ecosystems, Austal has developed and implemented a Spill Prevention Control and Countermeasures Plan (SPCC), Storm Water Pollution Prevention Plan (SWPPP), and Best Management Practices (BMP). These plans employ proactive efforts to prevent contamination of runoff water. Austal reviews these plans and makes changes when/if process or sources of potential contamination change. Employees are trained in these practices, as required by the EPA and state agency.
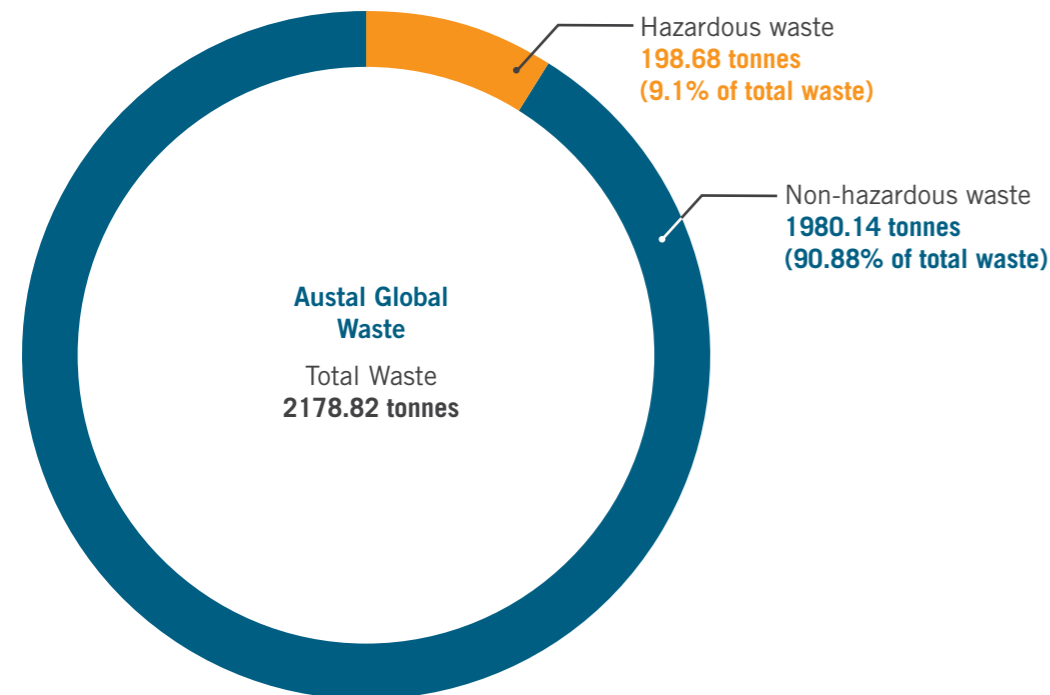
Waste

Any waste manufactured during construction of vessels, maintenance and service, or by the sole use of materials purchased as well as generated in our offices, is collected at the end of the activity and stored according to environmental laws and regulations established in the countries we operate in.

The waste is subsequently picked up by vetted, approved and permitted waste vendors. We monitor and evaluate supplier's performance through legal and compliance review and audits.

Wherever possible, waste handled beyond our facilities is handled according to the waste management hierarchy: avoid, reduce, reuse, recycle, recover energy and dispose.

We apply our Health Safety Environment and Quality risk management principles to manage significant impacts from waste we generate.

In FY20/21, Austal generated:

Hazardous waste
198.68 tonnes
(9.1% of total waste)

Non-hazardous waste
1980.14 tonnes
(90.88% of total waste)

Austal Global Waste

Total Waste
2178.82 tonnes

Compliance with environmental laws and regulations

Austal complies with local environmental laws and regulations. There have been no fines or sanctions imposed on Austal for non-compliance with such laws.

Austal Australia on-site recycling

This year, Austal Australia implemented an on-site recycling program which was designed to divert waste from landfill. The first phase saw removal of supplier bins to introduce new categorised bins. The second phase included introducing organic waste bins and recycling bins.

The team implemented a colour bin approach to ensure waste separation:

» paper and cardboard

» co-mingled recycling

» organics

» general waste

Additional measures implemented included removal of under desk bins and removal of plastic bag bin liners.

In the first month since the program launch, the Austal Australia team diverted nearly 3000 litres worth of organic waste from landfill through paper hand towel waste.

Employees and Communities

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

Employees

We know we achieve more as a team than as individuals. Our business requires us to look continuously for ways to improve customer relationships, designs, productivity and safety and quality of our products. We value the contributions of our employees, each having a role to play in Austal's ongoing success.

As a global Company, we are connected by the common duty to ensure that all Austal employees are treated fairly and with respect, operate in a safe and inclusive environment with opportunities to develop.
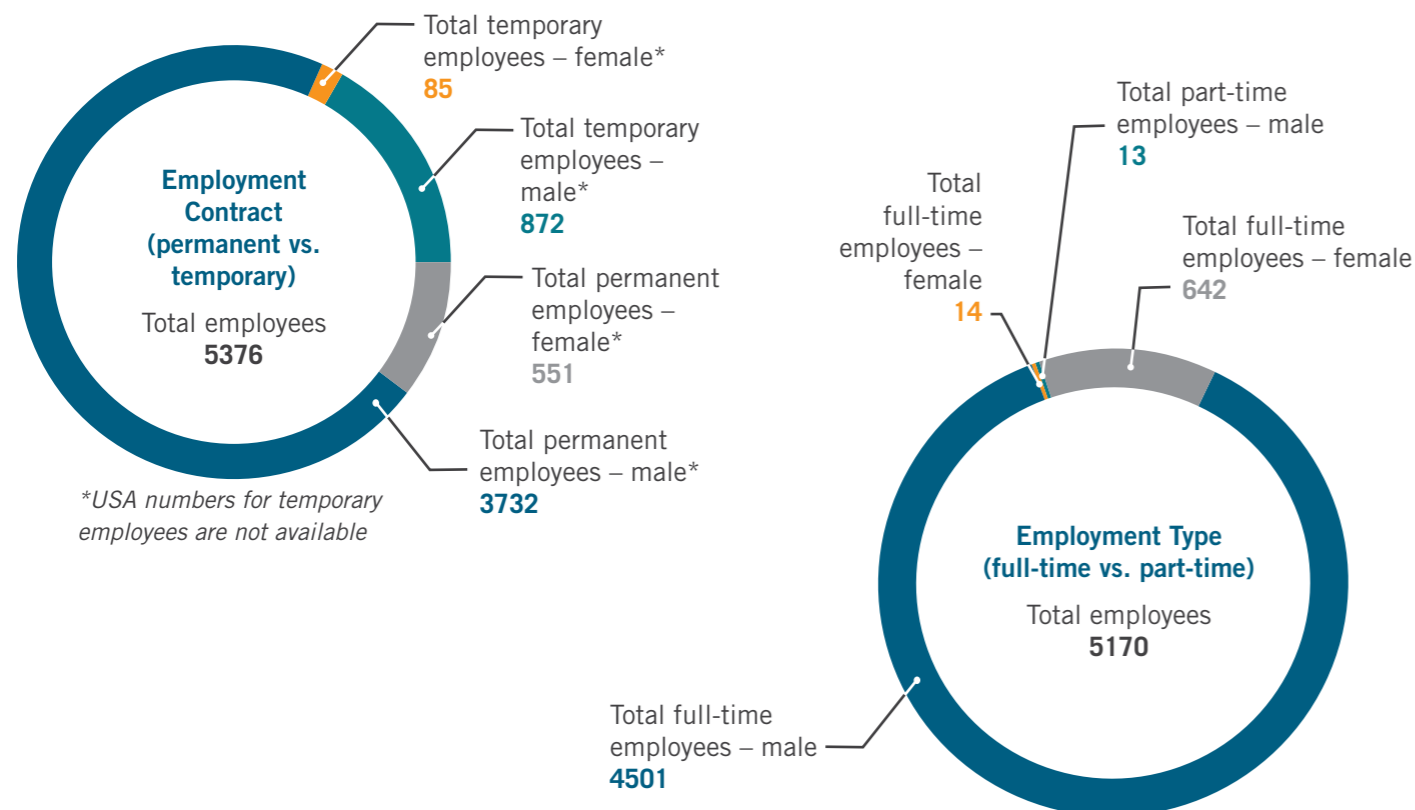
Global workforce

Australia 1053

Vietnam 251

Philippines 881

United States 3261
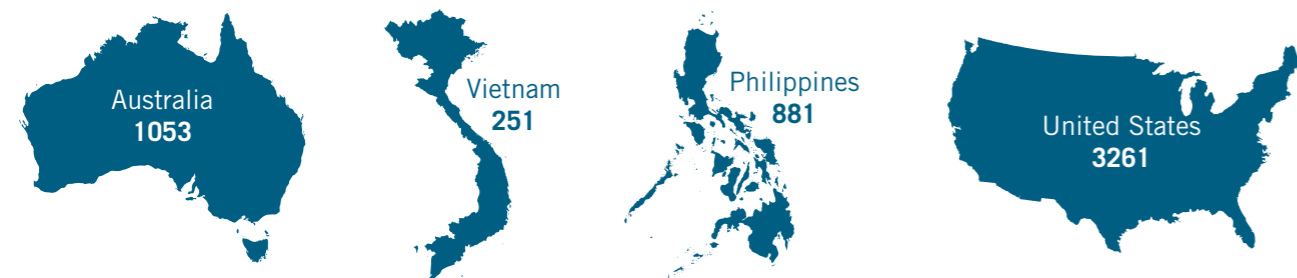
Employees by type of contract and gender

While Austal maintains an environment that supports our employees to bring their whole selves to work, we recognise that the employment data in this report only captures gender by male and female categories.

We are taking steps to include a wider representation of gender identity in future reporting.

Employment Contract (permanent vs. temporary)
Total employees 5376

Total temporary employees – female* 85

Total temporary employees – male* 872

Total permanent employees – female* 551

Total permanent employees – male* 3732

*USA numbers for temporary employees are not available

Employment Type (full-time vs. part-time)
Total employees 5170

Total part-time employees – male 13

Total full-time employees – female 14

Total full-time employees – female 642

Total full-time employees – male 4501

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.

Talent management and turnover

Austal's recruitment and selection practices at all levels are appropriately structured so that a diverse range of candidates are considered and so any conscious or unconscious biases that might discriminate against certain candidates are guarded against.

Location	New Hires	Turnover
Australia	198	341
Philippines	208	211
Vietnam	16	117
USA	282	618
Total	**704**	**1287**

Gender	Age	New Hires	Turnover
Male	Under 30 years old	229	332
	30-50 years old	307	602
	Over 50 years old	74	179
Total		**610**	**1113**
Female	Under 30 years old	45	52
	30-50 years old	41	93
	Over 50 years old	8	29
Total		**94**	**174**

Benefits and flexibility at work

Globally, Austal offers its employees the assurance of health care, injury and invalidity coverage, as well as paid flexibility for parental leave, medical and personal leave and vacations.

In countries of operations, each entity provides employment benefits in line with local employment regulations for common employment benefit categories.

Further to that, we also provide additional benefit programs to respond to the needs of our employees in the unique environment they operate in. Examples include:

» In the US, we offer life and health insurance as well as an employment assistance program for our employees to use at their discretion through an external provider.

» In the Philippines, we offer our full-time employees medical insurance, a rice allowance per month and a meal allowance daily for each day of attendance at work. We also offer those employees at supervisory levels a housing allowance per annum.

» 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:

gym membership, employee assistance program, work vehicles and the option to cash out their leave to name a few.

Promoting flexible work

Austal is moving towards more flexible working arrangements to accommodate our employees. We are applying what we learned during the COVID-19 pandemic and are expanding the application of working-from-home arrangements where appropriate:

» we are increasing employment opportunities for part-time workers; and

» 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.

Parental leave

Austal's parental leave schemes operate across the whole Company. For example, we provide opportunities for employees on extended parental leave to maintain their connection with Austal by offering the option (without any obligation) to receive all-staff communications and to attend work functions and training programs while on parental leave.

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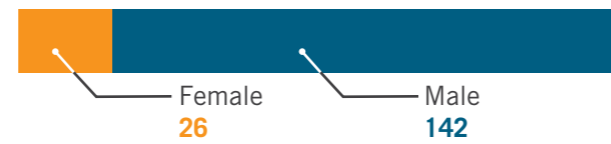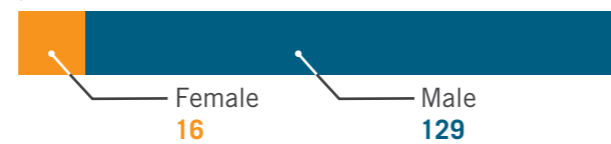
Location	Entitled to Parental Leave	Took Parental Leave	Returned to work
Australia	1055	19	11
Philippines	352	29	29
Vietnam	251	23	23
USA	3055	97	82

Parental leave per gender

Number of employees who took parental leave: **168**

Female	Male
26	**142**

Number of employees who returned to work after parental leave: **145**

Female	Male
16	**129**

Diversity and equal opportunity

Austal recognises that developing a diverse workforce is critical to helping us build the organisational capability and maintaining high performance levels.

We value the distinctive skills, experiences, and perspectives everyone brings to the workplace. Respect and equal opportunity are a shared responsibility of every employee and contractor at our workplace.

We strive to maintain an inclusive and safe work environment that takes action to prevent discrimination, harassment, vilification and victimisation.

Diversity at Austal

The Teamwork pillar within our Company values expresses the importance of diversity and inclusivity at our Company.

We have included metrics related to diversity and inclusivity at the executive and managerial level. Women are also represented in other roles. Women currently occupy professional, management and senior management roles across the business in the following numbers:

Business unit	% of Senior Management roles filled by women	% of Management roles filled by women	% or professional roles filled by women
Australian operations	20.0%	15.7%	19.0%
US operations	10.0%	14.5%	24.7%
Philippines operations	0%	18.9%	36.2%
Vietnam operations	0%	21.4%	34.0%

Executives have key performance indicators 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.

We also welcome the employment of personnel with particular needs (for example, persons with hearing impairments), both through the 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. Company 'all hands' communications events).

In the last few years, we have been focusing on introducing gender parity initiatives that aim to increase the female representation of the global workforce.

Austal's equity and diversity policy

Austal has adopted Equity and Diversity Policy which includes measurable targets for the employment of women across the workforce. The policy was updated in 2021 and includes the following targets:

» 40 per cent of Board members to be women by 30 June 2022

» 25 per cent of senior management roles to be filled by women by 2030

» 25 per cent of other roles to be filled by women by 2030

The timelines adopted for meeting these targets reflect the industry in which Austal operates. The manufacturing industry is working to develop work practices and training opportunities that will encourage female participation in the workforce.

Share of workers and equal remuneration and participation

At Austal, employment and remuneration are based on merit, qualifications, skills and experience. We strive to ensure that equally qualified personnel can be confident of their standing and value to our Company, regardless of their gender, marital or family status, sexual orientation, gender identity, disabilities, ethnicity, cultural background, socio-economic background, age, religious beliefs or other values.

We are developing a methodology to accurately record our remuneration data to reflect gender ratios for our global entities. We aim to include this information in our next report.

Pink Ship initiative

Austal's commitment to workforce gender parity will be achieved through the increased participation of women across our business, particularly in male-dominated fields. Our current target of 25 per cent female employees by 2030 would create the possibility of a ship's design and construction being completed by an all-female project team. It is called the Pink Ship initiative and progress has been reviewed each year since its inception in 2019.

To achieve this target, we continue to partner with schools, TAFEs and external training organisations to drive higher participation of women in trades traditionally filled by men.

We encourage active participation in our Women's Partnership program. Company representatives sit on several committees, visit local schools and attend career fairs speaking to girls, highlighting the benefits of pursuing a career in fields previously dominated by men, such as engineering, fabrication and welding.

Training and Education

Austal invests in the development of our employees. We are proud to offer various training programs that support on-the-job learning, from onboarding and refresher training on the safe operation of machinery and tools, to specialised programs such as pipefitting and blueprint reading, in addition to everyday programs like Microsoft Excel.

Production Technical Training Program - Philippines

During the reporting period, Austal started the Production Technical Training Program, which was made available to both skilled and non-skilled applicants. The program involved two months of classroom and practical training.

After trainees pass the initial training, they are recommended for a production training component which involves 1:1 buddy training for one year, on the job.

Eighty trainees with a mixed level of skills were hired for the program in FY21. It was great to see that more than 50 per cent of trainees were from Balamban, the municipality where Austal is located. The others are from neighbouring towns and cities.

So far the program has been an overwhelming success, with all FY21 trainees completing the first stages of the program and being recommended for the 1:1 buddy training at Austal Municipality.

Education Programs – USA

Austal USA established a Department of Labor Registered Apprentice Program for four different trades.

The apprentices receive 576 hours (about three and a half weeks) of classroom training, and lab training over three years. They also work 8000 hours (about 11 months) on the job learning over four years.

Apprentices graduate as certified journeypersons with Austal.

Austal welcomes interns as part of our summer intern program to various departments in collaboration with universities. This year, around five interns (ages 17.5 – 22) will participate in these programs.

We also maintain close relationships with local training academies and high schools, attending Board meetings, open day events and providing industry recommendations to tailor their skills programs for workforce skills development such as welding, fabrication and metalworks.

Occupational health and safety

In keeping with our values, health and safety is paramount at our Company. Austal promotes a planned approach to continuously improve our workplace health and safety performance across all areas of the business.

Health Safety Environment and Quality teams have developed extensive HSEQ risk registers and ensure mitigation measures for each facility are prepared and implemented.

Austal goes to great lengths to educate and train the entire workforce – from executive management to the trades people – on the importance of safety, health and environmental management by requiring management involvement in all significant HSEQ incidents, whether or not that incident directly impacts that management function.

HSEQ risks and mitigation measures are regularly reviewed and updated, with regular HSEQ audits to ensure adoption of the measures identified. All risks and their mitigations are developed based on seeking to understand their impact on the community (both internal and external), safety and the environment. However, given the nature of Austal's business, some risks can only be mitigated rather than removed entirely. This means that a degree of risk remains in these areas, notwithstanding the considered mitigation measures in place.

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

Austal has developed HSEQ policies, procedures and training programs that reflect accredited HSEQ standards in the jurisdictions where we operate.

For example, Austal USA's programs align with the US Occupational Safety and Health Administration requirements for workplace safety and health, and our facilities are regarded as among of the safest shipyards in America.

In Australia, Austal's HSEQ policies align with the standards ISO-accredited Integrated HSEQ Management System, written to align to the requirements of ISO 9001, 45001 and 14001. The Austal Australia Risk Management Framework is designed in accordance with ISO31000: Risk Management – Principles and guidelines.

These standards overlay the health and safety requirements for our Vietnam and Philippines operations.

HSEQ Event Management

Austal Australia has an HSEQ 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.

IRIS is the Austal Australia HSEQ database used to record, investigate and follow-up incidents. All incidents are investigated within 48 hours of them occurring.

Worker training on occupational health and safety

Austal Australia has a duty to ensure all personnel are trained and competent to conduct their work so they do not endanger themselves or others in the workplace.

Employees must undergo the Austal Australia HSEQ Induction and if applicable the project site-specific inductions before they can commence work.

All supervisors and above must complete a mandatory OHS for Supervisors course which includes their legal responsibilities.

High risk work is only undertaken once an employee has achieved a formal assessment of their competency to carry it out.

	Global*
Number of Employees	5446
Number of fatalities from work related injury	0
Rate of fatalities from work-related injury	0.00%
Number of high consequence work related injuries	73
Number of recordable work related injuries	52
Lost time injuries rate	0.65%
Reportable injury rate	0.46%
Number of hours worked	11,149,423.18

rate calculation is per 100,000 hours of work including Australia, Philippines, Vietnam and the United States

0.00%
Rate of fatalities from work-related injuries

0.65%
Lost time injuries rate
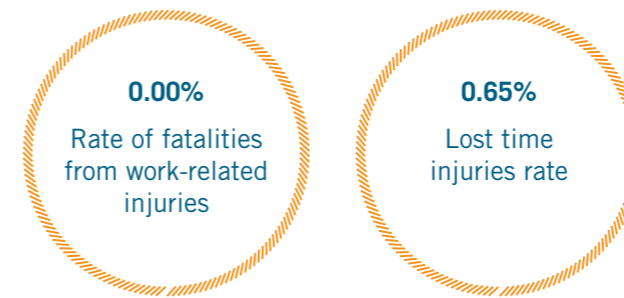
Austal's safety record demonstrates the level to which occupational health and safety mechanisms are embedded into our operational culture.

Our community and partners

Austal provides a friendly, supportive and community-focused workplace, one that supports the proactive involvement of the Company and our employees in the local communities where our shipyards, service centres and offices operate worldwide.

We embark on our projects with the purpose of both delivering the best possible outcomes for our customers while having meaningful engagement with the communities we impact. We strive to always leave a positive legacy by caretaking and investing in the communities in which we operate.

Austal Giving

As part of our commitment, Austal Australia has established Austal Giving, a platform for the Company and our employees to aid in various ways, community and charitable programs.

We have established a dedicated Austal Giving Committee to lead and manage support activities and ensure Austal makes a real difference in our local communities. Through a robust review process, applications are critically assessed for compliance against Austal's support criteria.

United States of America

Austal is an active member of the Mobile, Alabama community. Austal has been partnering with a number of local schools and workforce councils to build relationships and participate in discussions that promote both diversity in the workplace and workforce development.

Austal has been working closely 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. Austal has also received many requests from schools in Alabama to host some of their students for summer internships and to be a part of its youth apprenticeship program.

This year, Austal was involved in the Manufacture Alabama's Diversity Council. Austal talked to the Council about its Veteran Only Apprenticeship Class and its partnerships with the Society of Women Engineers, National Society of Black Engineers, Girls Can Camp, JROTC Stem and 100 Black Men of Greater Mobile.

Austal USA's corporate giving program provides nearly US$700,000 to key state and local community initiatives targeting STEAM, economic development, social programs targeting youth development, health and fitness both preventive and recovery, the homeless and aid to military families and veterans.

In March 2021, Austal USA hosted a golf tournament benefiting the United Way of Southwest Alabama that generated US$286,000 for the program. Since the tournament's inception, Austal USA has donated over US$3 million to the United Way.

Australia

In Henderson, Western Australia, in addition to the endeavours of the Austal Giving committee, Austal has an ongoing recruitment program that focuses on the local Rockingham and Mandurah area, aiming to employ apprentices through this region. We also make charitable donations to Anglicare to provide funding for counselling services in the Rockingham and Mandurah areas.

Austal has also provided a training program, accommodation and meals for Pacific Islander crews that were based in nearby Fremantle as part of the Australian Government's foreign aid provision of defence patrol vessels. 21 vessels are being manufactured by Austal for the Australian Government to Pacific Island nations.

Philippines

In the Philippines, Austal employees have been volunteering their time to support local communities by tree planting, coastal clean-ups and mangrove planting.

While COVID-19 restrictions halted Austal's participation in some activities in the community due to the cancellation of mass gatherings, we continue to support the community through donations to local government and front line workers, including masks, face shields and food donations.

Appendices
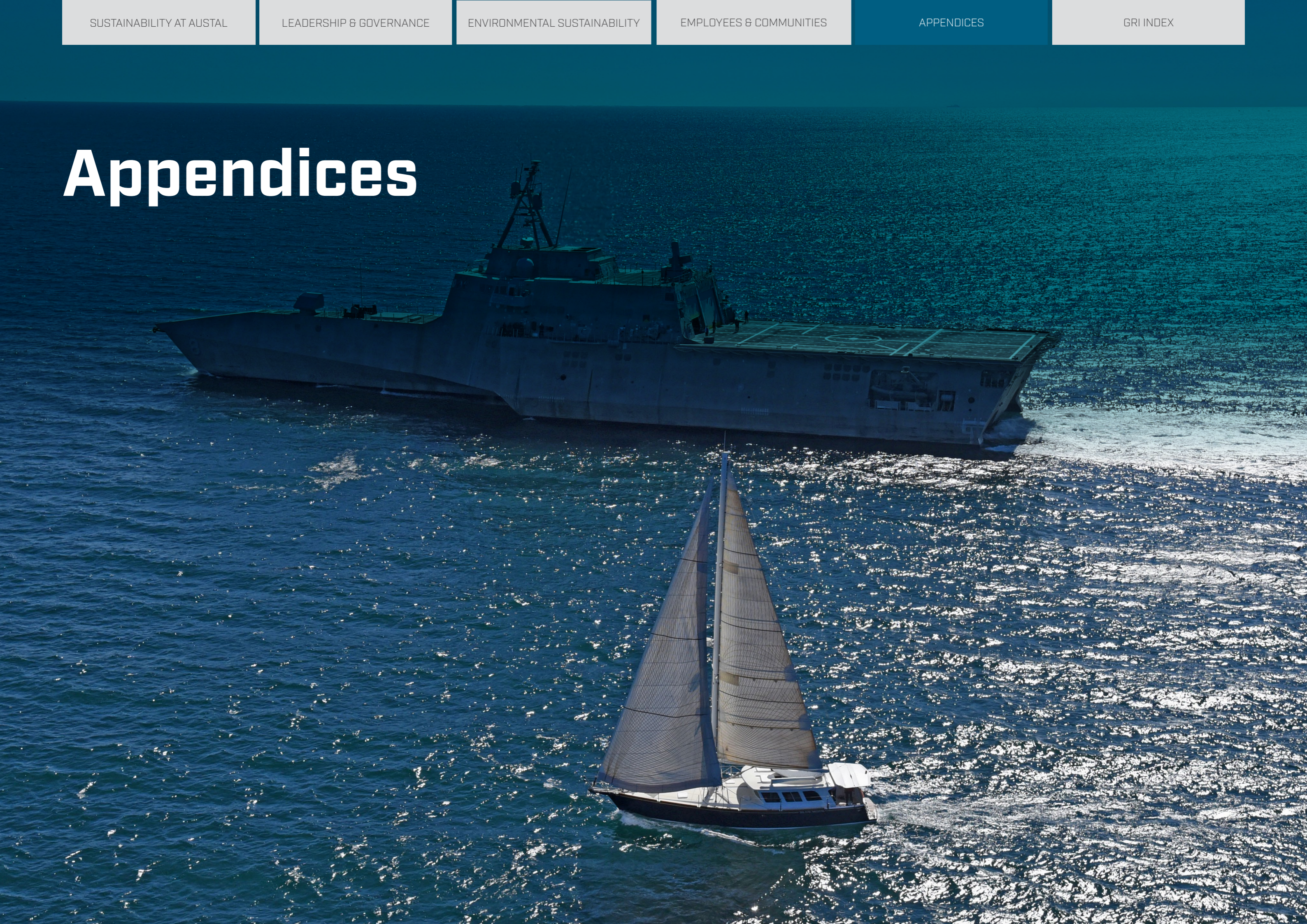
GHG emissions – methodology and assumptions

Scope 1 Emissions

Austal's Scope 1 GHG emissions include transport fuel combustion emissions from vessels owned by Austal; 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 2020 National Greenhouse Accounts factors for fuels used for transport energy.

The sea trials emissions include the fuel burned on all sea trials conducted during the FY20/21 accounting period. For sea trials conducted close to the end of the accounting period where the vessel was not delivered before 30th June 2021, 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 and therefore not included in this Scope 1 value.

Fugitive emissions from HVAC installation include emissions from HVAC systems installed by Austal in boats delivered in FY21/22. 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 FY20/21.

Average emissions factors have been used to calculate emissions in each geographic location for electricity generated on local grids:

» Western Australia and Queensland – Australian Government's 2020 National Greenhouse Accounts

» Philippines factors –2020 Climate Transparency Report

» Vietnam – Worldbank 2017 country report

» 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 FY20/21. This includes vessels delivered, included in Scope 3 emissions, and vessels not delivered by 30 June 2021, and therefore not included in Austal's Scope 3 emissions. With that, Austal's Scope 2 emissions are not aligned in time the Scope 3 emissions, which are calculated for the vessels delivered in the FY20/21 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 FY20/21. 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 FY20/21 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 FY20/21 for use in vessels not delivered in FY20/21 are not included in the total estimated t CO_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 FY20/21. 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 Aluminum 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_2-e / 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 Voyages is Scope 3 rather than Scope 1 as Austal is no longer in possession of the vessel. However, it is not considered downstream through-life 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:

» The through-life emissions from the operation of each vessel have been estimated 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. Emission factors for the diesel combustion are from the Australian Government guidelines as per Scope 1.

» Fugitive HVAC emissions during operation and maintenance of the HVAC systems during the life of the vessels. The calculated t CO_2-e is 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.

GHG emissions associated with aluminium production

The global average CO2 emissions for aluminium are 11.5 tCO_2-e/tonne of aluminium. We note however that there is a significant emissions range between producers of aluminium, from as much as 18 tCO_2-e/tonne to less than 2 tCO_2-e/tonne, depending upon the source of electricity.

"Green aluminium" is already cost-competitive in many markets if compared to aluminium from non-renewable electricity . Hence there is potential to significantly reduce the GHG footprint through the use "green aluminium" produced from renewable electricity and without carbon anodes, or incorporating higher quantities of recycled aluminium.

https://about.bnef.com/blog/green-aluminum-is-competitive-today-its-time-to-start-transforming/

Industry associations and not-for-profit group membership

List of industry associations, not-for-profit groups and sundry associations of which Austal (and its subsidiaries) is a member or a major contributor in FY20/21

Australiasia

» AIDN
» American Chamber of Commerce in Australia
» AMI International
» Asset Management Council
» Asset Management Council, Cairns
» Australia Philippines Business Counsel
» Australian Commercial Marine Group
» Australian Defence Magazine
» Australian Indonesian Business Council
» Australian Marine Exports Group
» Australian Naval Institute
» Australian Shipbuilding and Repair Group
» Australian Welding institute
» Best Practice Network
» CCIWA
» Chamber of Commerce and Advance Cairns
» CIPS
» Defence Teaming Centre
» Fast Ferry International
» Federal Labour Business Forum
» Henderson Alliance
» Interferry
» Perth USAsia
» The 500 Club
» The Leaders' Forum of Western Australia
» UNSW endowment scholarship
» West Australian Philippines Business Council

Austal USA

» California
» G'Day USA (Australian Consulate in Los Angeles)
» National City Chamber of Commerce
» National City Marine Terminal
» Port of San Diego Ship Repair Association
» San Diego Military Advisory Council
» San Diego Port Tenants Association

» San Diego Regional Chamber of Commerce
» Singapore
» American Chamber of Commerce in Singapore
» Navy League of the United States – Singapore Council
» Washington, D.C.
» Anchor Scholarship Foundation
» G'Day USA Defense Forum
» Shipbuilder's Council of America (member)
» Surface Navy Association
» U.S. Coast Guard Foundation, Washington, D.C.

Alabama

» Air Task Force (member) – Mobile Airport Authority
» Alabama Apprenticeship Council
» Alabama School of Cyber and Engineering (Board member)
» Business Council of Alabama (member)
» Children's Hospital of Alabama
» Coastal Alabama Business Chamber (member)
» Coastal Alabama Partnership (Board member)
» Eastern Shore Chamber of Commerce (leadership Board member)
» Engineering & Construction Contractors Association
» Gulf Coast Diversity & Inclusion Consortium
» Gulf State Shipbuilders Consortium
» Manufacture Alabama (member)
» Manufacture Alabama: Austal USA is a member of the Diversify council.
» Mobile Area Black Chamber of Commerce
» Mobile Area Council of Engineers
» Mobile Black Chamber of Commerce (member)
» Mobile Chamber of Commerce (Board member)
» Mobile Chamber of Commerce: Austal USA is a member of the DEI council
» NAACP, Mobile Chapter
» Navy League of the United States – Mobile Chapter
» Propeller Club of Mobile (member)
» State of Alabama – Ala. Industrial Development Training (AIDT)
» U.S. Coast Guard Foundation – Mobile Chapter

Philippines

» ANZCham Philippines
» People Management Association of the Philippines
» Shipping Association of the Philippines (ShAP)

GRI Index

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*	Page	Omission
Organisational profile					
GRI 102: General Disclosures 2016	102-1	Name of the organisation	About Austal	8	
	102-2	Activities, brands, products, and services	About Austal	8	
	102-3	Location of headquarters	About Austal	8	
	102-4	Location of operations	About Austal	8	
	102-5	Ownership and legal form	About Austal	8	
	102-6	Markets served	About Austal	8	
	102-6	Scale of the organisation	About Austal; Employees and communities - Employees	8 & 44	Information related to financial performance (net revenue) and quantity of products/services provided is available in Austal's annual report [insert link to the report]
	102-8	Information on employees	Employees and communities - Employees	44	In this reporting cycle, information related to employees are provided at a global level, without regional split.
	102-9	Supply chain	Leadership and governance – Risk management at Austal, Supply chain governance – human rights; Environmental sustainability	23, 27 & 32	
	102-10	Significant changes to the organisation and its supply chain	Not applicable	--	There have been no significant changes to the organisation and its supply chain.
	102-11	Precautionary Principle or approach	Sustainability at Austal; Leadership and Governance – the Austal Values, Governance structure, Risk management at Austal; Environmental sustainability – Environmental management	12, 16, 23 & 32	
	102-12	External initiatives	About this report; Sustainability at Austal - Alignment of the report with the UN SDGs; Appendix - Industry associations and not-for-profit group membership	8, 10 & 58	
	102-13	Memberships or associations	Appendix - Industry associations and not-for-profit group membership	58	

GRI Standard	Disclosure reference	Disclosure title	Location*	Page	Omission
	102-14	Statement from senior decision-maker	Letter from the CEO	4	
	102-41	Collective bargaining arrangements	Employees and communities - Employees	44	
	102-45	Entities included in the consolidated financial statements	Leadership and governance - Organisation structure	22	Entities included in the consolidated financial statements are covered in Austal's annual report. Entities not covered in this report include: Austal Holding China Pty Ltd (ABN 74 612 207); Austal Middle East Pty Ltd (ABN 32 083 203 034); Austal Muscat LLC; Austal UK Ltd (UK Company); Austal Lewek Hercules Inc (Filipino Company)
Governance					
GRI 102: General Disclosures 2016	102-18	Governance structure	Leadership and governance - Governance structure	18	
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	Leadership and governance - Anti-bribery and corruption policy	28	
Values and ethical conduct					
GRI 102: General Disclosures 2016	102-16	Values, principles, standards, and norms of behavior	Leadership and Governance - The Austal Values, Code of Conduct, Whistleblower policy, Anti-bribery and corruption policy	16, 26 & 28	
Reporting practice					
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	Sustainability at Austal – Stakeholder engagement	13	
	102-42	Identifying and selecting stakeholders	Sustainability at Austal – Stakeholder engagement	13	
	102-43	Approach to stakeholder engagement	Sustainability at Austal – Stakeholder engagement	13	Limited stakeholder engagement was conducted for this reporting period as Austal is developing stakeholder engagement practices for ESG reporting.
	102-44	Key topics and concerns raised	Not applicable	--	As limited stakeholder engagement was conducted for this reporting period, a list of key topics and concerns raised is not applicable.
	102-46	Defining report content and topic boundaries	Sustainability at Austal – Materiality assessment, Stakeholder engagement, Key ESG priorities	12 & 13	
	102-47	List of material topics	Sustainability at Austal – Materiality assessment, Key ESG priorities	12 & 13	

GRI Standard	Disclosure reference	Disclosure title	Location*	Page	Omission
	102-48	Restatement of information	Not applicable	--	No restatement of information is included in this report.
	102-49	Changes in reporting	Letter from the CEO	4	
	102-50	Reporting period	About this report	8	
	102-51	Date of most recent report	About this report	8	
	102-52	Reporting cycle	About this report	8	
	102-53	Contact point for questions regarding the report	GRI Index	60	Email address: info@austal.com
	102-54	Claims of reporting in accordance with the GRI Standards	About this report	8	
	102-55	GRI content index	GRI Index	60	
	102-56	External assurance	About this report	8	The report has not been externally assured; statement of intention included.
Material Topics					
GRI 300: Environmental					
Emissions					
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	Environmental sustainability – Greenhouse Gas Emissions; Appendix – GHG emissions -methodology and assumptions	33 & 56	
	103-2	The management approach and its components	Information unavailable	--	Austal is in the process of developing a management approach for this topic; data collection was the focus for this reporting cycle.
	103-3	Evaluation of the management approach	Information unavailable	--	Austal is in the process of developing a management approach for this topic; data collection was the focus for this reporting cycle.
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Environmental sustainability – Greenhouse Gas Emissions; Appendix – GHG emissions -methodology and assumptions	33 & 56	
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental sustainability – Greenhouse Gas Emissions; Appendix – GHG emissions - methodology and assumptions	33 & 56	

GRI Standard	Disclosure reference	Disclosure title	Location*	Page	Omission
	305-3	Other indirect (Scope 3) GHG emissions	Environmental sustainability – Greenhouse Gas Emissions; Appendix – GHG emissions -methodology and assumptions	33 & 56	
	305-5	Reduction of GHG emissions	Information unavailable	--	Austal is in the process of developing a management approach for the topic, including reduction targets. Data collection was the focus for this reporting cycle.
Energy					
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	Environmental sustainability – Energy	38	
	103-2	The management approach and its components	Information unavailable	--	Austal is in the process of developing a management approach for the topic.
	103-3	Evaluation of the management approach	Information unavailable	--	Austal is in the process of developing a management approach for the topic.
GRI 302: Energy	302-1	Energy consumption within the organisation	Information unavailable	--	Austal is in the process of developing data collection processes for this topic.
Water and effluents					
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	Environmental sustainability - Water	39	
	103-2	The management approach and its components	Environmental sustainability - Water	39	Water is not a high priority material topic for Austal; only key information presented as relevant.
	103-3	Evaluation of the management approach	Not applicable	--	Water is not a high priority material topic for Austal; only key information presented as relevant.
GRI 303: Water and effluents	303-1	Interactions with water as a shared resource	Environmental sustainability - Water	39	Water is not a high priority material topic for Austal; only key information presented as relevant.
	303-2	Management of water discharge-related impacts	Environmental sustainability - Water	39	Water is not a high priority material topic for Austal; only key information presented as relevant.
	303-3	Water withdrawal	Information unavailable	--	Austal is in the process of developing data collection processes for this topic.
	303-4	Water discharge	Information unavailable	--	Austal is in the process of developing data collection processes for this topic.
	303-5	Water consumption	Information unavailable	--	Austal is in the process of developing data collection processes for this topic.

GRI Standard	Disclosure reference	Disclosure title	Location*	Page	Omission
Materials					
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	Environmental sustainability - materials	38	
	103-2	The management approach and its components	Environmental sustainability - materials	38	Austal is in the process of evaluating its material use and collecting relevant data; a management approach is to be devised once that is done. Limited information is provided in this reporting cycle.
	103-3	Evaluation of the management approach	Not applicable	--	Austal is in the process of evaluating its material use and collecting relevant data; a management approach evaluation is to be devised once that is done.
GRI 301: Materials	301-1	Materials used by weight or volume	Information unavailable	--	Austal is in the process establishing its data collection processes for this material topic.
	301-2	Recycled input materials used	Information unavailable	--	Austal is in the process establishing its data collection processes for this material topic.
	301-3	Reclaimed products and their packaging materials	Information unavailable	--	Austal is in the process establishing its data collection processes for this material topic.
Environmental compliance					
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	Environmental sustainability – compliance with environmental laws and regulations	41	
GRI 400: Social					
Employment					
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	Employees and communities	42	
	103-2	The management approach and its components	Employees and communities	42	
	103-3	Evaluation of the management approach	Employees and communities	42	
GRI 401: Employment	401-1	New employee hires and employee turnover	Employees and communities - Employees	44	
	401-2	Benefits provided to full-time employees that are not provided	Employees and communities - Employees	44	Distinction between benefits for full-time vs. part-time employees unavailable.

GRI Standard	Disclosure reference	Disclosure title	Location*	Page	Omission
	401-3	Parental leave	Employees and communities - Employees	44	Total numbers of employees entitled to parental leave – split by gender is not available; Total number of employees that returned to work in the reporting period after parental leave ended – split by gender not available.
Occupational health and safety					
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	Employees and communities – Occupational health and safety	50	
	103-2	The management approach and its components	Employees and communities – Occupational health and safety	50	
	103-3	Evaluation of the management approach	Employees and communities – Occupational health and safety	50	
GRI 403: Occupational health and safety	403-1	Occupational health and safety management system	Employees and communities – Occupational health and safety	50	
	403-2	Hazard identification, risk assessment, and incident investigation	Employees and communities – Occupational health and safety	50	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Employees and communities – Occupational health and safety	50	
	403-5	Worker training on occupational health and safety	Employees and communities – Occupational health and safety	50	
	403-9	Work-related injuries	Employees and communities – Occupational health and safety	50	Disclosures are provided according to internal management and data capture systems.
	403-10	Work-related ill health	Employees and communities – Occupational health and safety	50	Disclosures are provided according to internal management and data capture systems.
Training and education					
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	Employees and communities – Training and education	49	Training and education are not a high priority material topic, therefore a corresponding level of detail on the topic is provided.
	103-2	The management approach and its components	Employees and communities – Training and education	49	Training and education are not a high priority material topic, therefore a corresponding level of detail on the topic is provided.

GRI Standard	Disclosure reference	Disclosure title	Location*	Page	Omission
	103-3	Evaluation of the management approach	Information unavailable	--	Training and education are not a high priority material topic, therefore a corresponding level of detail on the topic is provided.
GRI 404: Training and education	404-2	Programs for upgrading employee skills and transition assistance programs	Employees and communities – Training and education	49	Training and education are not a high priority material topic, therefore a corresponding level of detail on the topic is provided.
Diversity and equal opportunity					
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	Employees and communities – Diversity and equal opportunity	47	
	103-2	The management approach and its components	Employees and communities – Diversity and equal opportunity	47	
	103-3	Evaluation of the management approach	Employees and communities – Diversity and equal opportunity	47	
GRI 405: Diversity and inclusion	405-1	Diversity of governance bodies and employees	Employees and communities – Diversity and equal opportunity; Leadership and governance – Governance structure	47	
Local communities					
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	Employees and communities – our community and partners	52	Local communities is not a high priority material topic, therefore a corresponding level of detail on the topic is provided
	103-2	The management approach and its components	Information unavailable	--	Local communities is not a high priority material topic, therefore a corresponding level of detail on the topic is provided
	103-3	Evaluation of the management approach	Information unavailable	--	Local communities is not a high priority material topic, therefore a corresponding level of detail on the topic is provided
GRI 413: Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	Employees and communities – our community and partners	52	

For questions regarding
Austal's 2021 Sustainability
Report, please contact:
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