Austal Limited
Environmental, Social and Governance (ESG) Report

2022

AUSTAL

Contents

Letter from the CEO

We are proud to have made meaningful advances in our sustainability strategy and performance this year, which has underpinned our strong operating and financial performance.

Sustainable development offers opportunities to adopt our business strategies and activities to meet the needs of our stakeholders, customers and communities. At Austal, we have been exploring products and technologies of the future including zero emissions vessels, artificial intelligence, advanced sustainment systems, fuel use optimisation and environmentally friendly shipbuilding materials. Sustainability considerations have become integral to decisions in our business operations and our future growth.

Guided by Austal's Growth Strategy 2050, we are on a journey to incorporate sustainable development priorities into operations, business planning and investment decision-making. In FY22, we established a Sustainability Committee to ensure effective management of environmental, social and governance ("ESG") issues. The committee is composed of leaders of our core businesses and geographic locations to drive a systematic approach to sustainability strategies, policies and performance.

As part of our commitment to climate action, this year we have set greenhouse gas emissions targets that are aligned with the 1.5°C pathway set out in the Paris Agreement. This bold commitment underlines the growing importance of climate resilience to our business and stakeholders, and puts Austal at the forefront of the transition to a net-zero economy. To work towards our goal of net-zero carbon emissions, we have made important strides which begin with planning of emission reduction initiatives.

One compelling example is our Austal VOLTA series. It is a series of electric-power fast ferry which future-proofs an operators' fleet by introducing environmentally friendly technology that already meets widely anticipated, low or zero-emission targets for public transport vehicles and operators. Through these engagements, we aim to drive climate innovation now, so that we are ready for the future. We also anticipate that the initiatives will align with and support the initiatives of our clients to reduce their own greenhouse gas emissions.

Throughout FY22 we have continued to support the growth of our people through professional development, employee recognition, talent retention and diversity programs. We are also leveraging our size and scale – with a global workforce of more than 5,500 colleagues – to maximise our community engagement impact. Our community platforms such as Austal Giving platform allow us to scale up the impact we have in our communities by enabling colleagues to participate in volunteering initiatives across our businesses. Our commitment on social aspects represents an important milestone on Austal's journey towards sustainable development.

This ESG Report 2022 aligns our ESG disclosures to international standards and frameworks recognised as best practice. It enables us to report to our stakeholders on how our ESG initiatives contribute to a more sustainable future.

Austal recognises that the global calls for climate action and prioritisation of ESG performance are becoming increasingly important. As a shipbuilding company with a multi-regional presence, we are determined to continue engaging and collaborating with our stakeholders to drive sustainability agenda forward in the communities it serves.

Paddy Gregg

PADDY GREGG
Austal Chief Executive Officer

FY22 Sustainability Highlights

Established GHG emissions reduction targets

CO₂ By **2030**
50% reduction of embodied emissions (Scope 1, 2 and 3-upstream)

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

Updated Equity and Diversity Policy with targets

Austal's Diversity Targets

Board composition **40%** female by **2023**

25% of Australian workforce female by **2030**

Austal USA made significant enhancements to its corporate compliance program this year

Standards of Conduct, Policies and Procedures

USA Compliance Officer and Committee

Communication and Education

Monitoring and Auditing

Reporting and Investigating

Enforcement and Discipline

Responses and Prevention

About Austal

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

Now in its 34th year, Austal has designed, constructed, and supported defence and commercial vessels for the world's leading operators.

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

Since 1988, Austal has contracted more than 340 vessels for more than 121 operators in 59 countries and employs more than 5,500 staff worldwide.

Austal products and services

From shipyards in Australia, the USA, the Philippines and Vietnam – 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 Lifecycle Upkeep Sustainment Intelligence ("LUSI").

SUPPORT

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

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

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
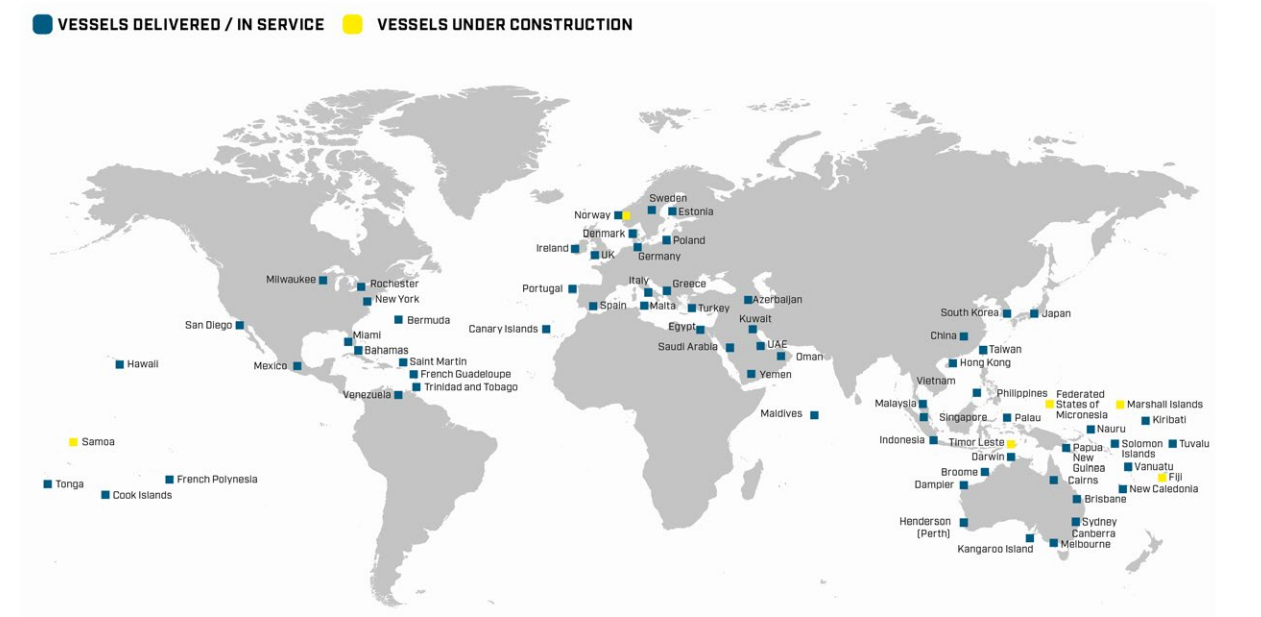
The Austal Values

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

In formulating these 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 instil those values across the Company. This includes ensuring that all employees receive appropriate training on the values and for senior executives to 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?"

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.

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?" is asked across all areas.

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

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.

Sustainability at Austal

Megatrends Affecting the Shipbuilding Industry

The future of the shipbuilding industry is being shaped by megatrends driving profound changes throughout the world.

Climate change presents emerging risks and opportunities to our industry. The International Maritime Organization ("IMO") has set an ambition to reduce carbon emissions by 40% for all ships by 2030, and 70% by 2050. The coming decades will see significant investments in transitioning the world's energy, transport and manufacturing infrastructure to sustainable zero carbon operations by 2050. These ambitions are potential signposts to the shipbuilding industry that emerging regulations and environmental pressure from stakeholders will materialise in the near future.

Simultaneously, another megatrend "localisation" is making fundamental shifts in global supply chains triggered by growing energy and logistics cost differences. This trend is driving shipbuilding companies to build and maintain vessels locally in order to foster local employment and supply chain resilience. In the United States this is referred to as "re-industrialisation" and is gathering pace with extensive new investment in local processing plants and manufacturing capacity.

Technological advancement is an enabler, helping to address risks and capture opportunities in a dynamic macro-environment. Driven by technological breakthroughs, we are seeing the potential for autonomy and automation on vessels to achieve safer, more efficient operations at sea as well as safer and more efficient manufacturing processes in our shipyard. This megatrend reveals how research and technology capabilities are playing key roles in decarbonisation and localisation.

REGIONAL

Increasing importance of the Indo-Pacific region as a nexus of naval operations and demand for commercial maritime transport.

TECHNOLOGY

Arrival of autonomous vessels and increasing automation of manufacturing process to build vessels.

ENVIRONMENTAL

International regulatory, economic and societal pressure to decarbonise all maritime transport by 2050.

LOCALISATION

Worldwide trend towards building and sustaining vessels locally to foster employment and supply chain resilience.

Austal's Response to Megatrends

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

GROWTH STRATEGY 2050
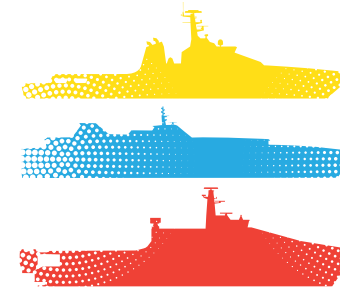
EXPAND SHIPBUILDING

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

ENHANCE SYSTEMS

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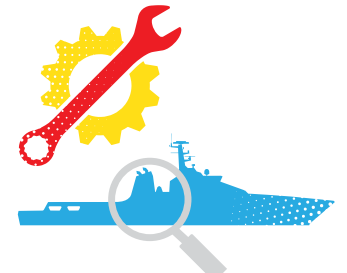
EXTEND SUPPORT

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

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

Sustainability Governance

The Board holds overall accountability for Austal's ESG strategies and performance. To ensure effective management of ESG issues, Austal established a dedicated Sustainability Committee in FY22. Comprised of senior members each of our core businesses and geographical locations, the Sustainability Committee meets regularly to discuss ESG strategies, policies, material topics and practices. The Sustainability Committee reports key findings and recommendations to the Board during Board meetings. During FY22, the Sustainability

Committee met on six separate occasions and reported to the Board twice. The Board reviewed and endorsed the proposed greenhouse gases emissions targets proposed by the sustainability committee in July 2022.

In FY23, the Sustainability Committee will develop and publish its terms of reference, which will provide clarity, definition and accountability for the Sustainability Committee to assist the Board to carry out its role in overseeing ESG strategy.

Stakeholder engagement

We aim to develop a process for broad stakeholder engagement on material topics identified in the next reporting cycle for FY23. For this reporting cycle, we

considered the views of our key stakeholders, based on existing engagements and conversations related to sustainability.

Shareholders   Employees   Clients   Suppliers   Industry

Austal's Key Stakeholders
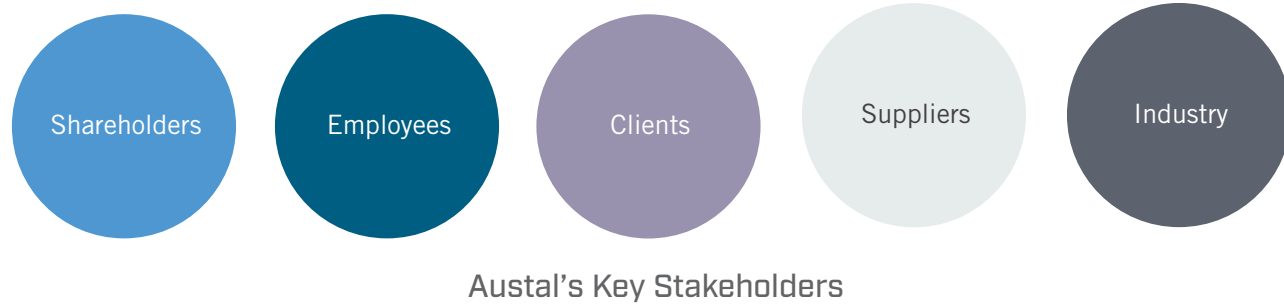
Alignment of the report with UN SDGs

We recognise the United Nations 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.

We recognise that broader stakeholder engagement may require the addition or amendment of these SDGs in the future.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE   12 RESPONSIBLE CONSUMPTION AND PRODUCTION   8 DECENT WORK AND ECONOMIC GROWTH   13 CLIMATE ACTION   5 GENDER EQUALITY   14 LIFE BELOW WATER   17 PARTNERSHIPS FOR THE GOALS

Materiality Assessment

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

In FY21, we engaged external consultants to conduct a materiality assessment workshop with our 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.

The materiality matrix below was completed in accordance with the Global Reporting Initiative ("GRI") Standards and was approved by Austal's leadership team.
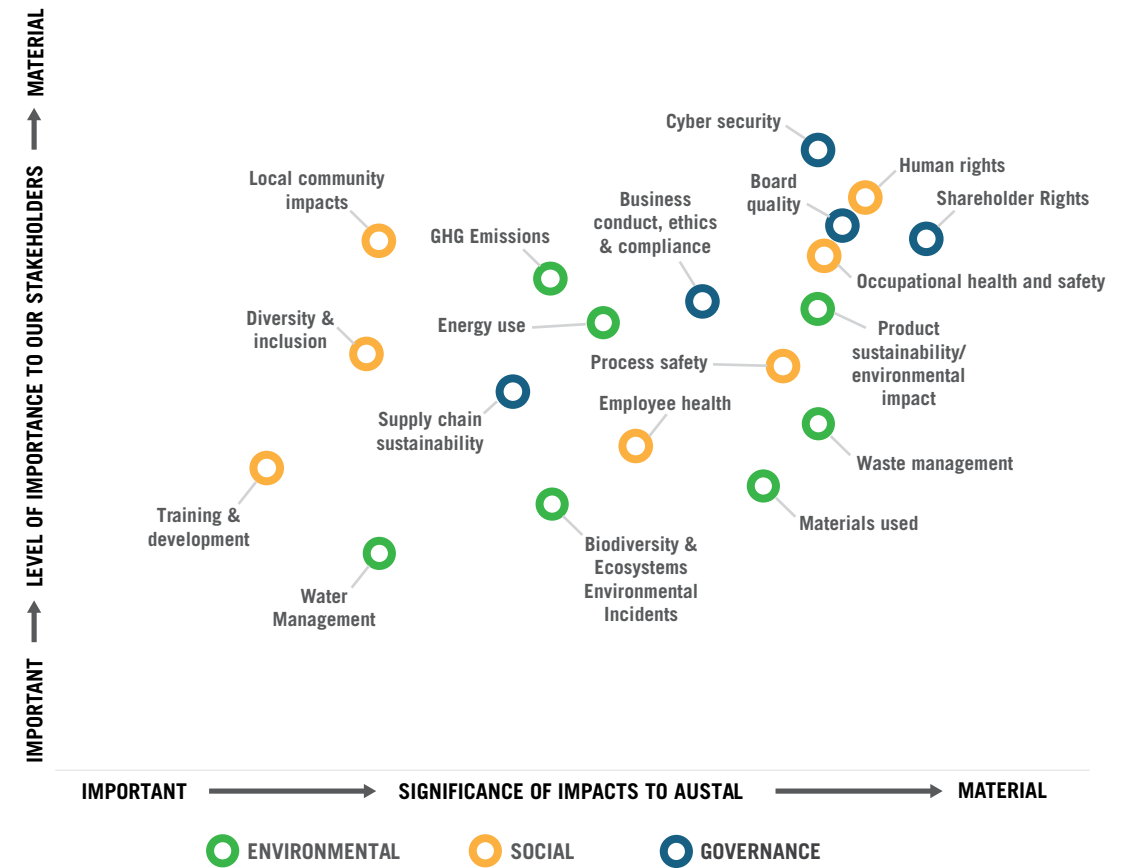
In FY23 we will continue to develop and mature our materiality assessment as we constantly review and improve our sustainability practices.

Environmental
Sustainability
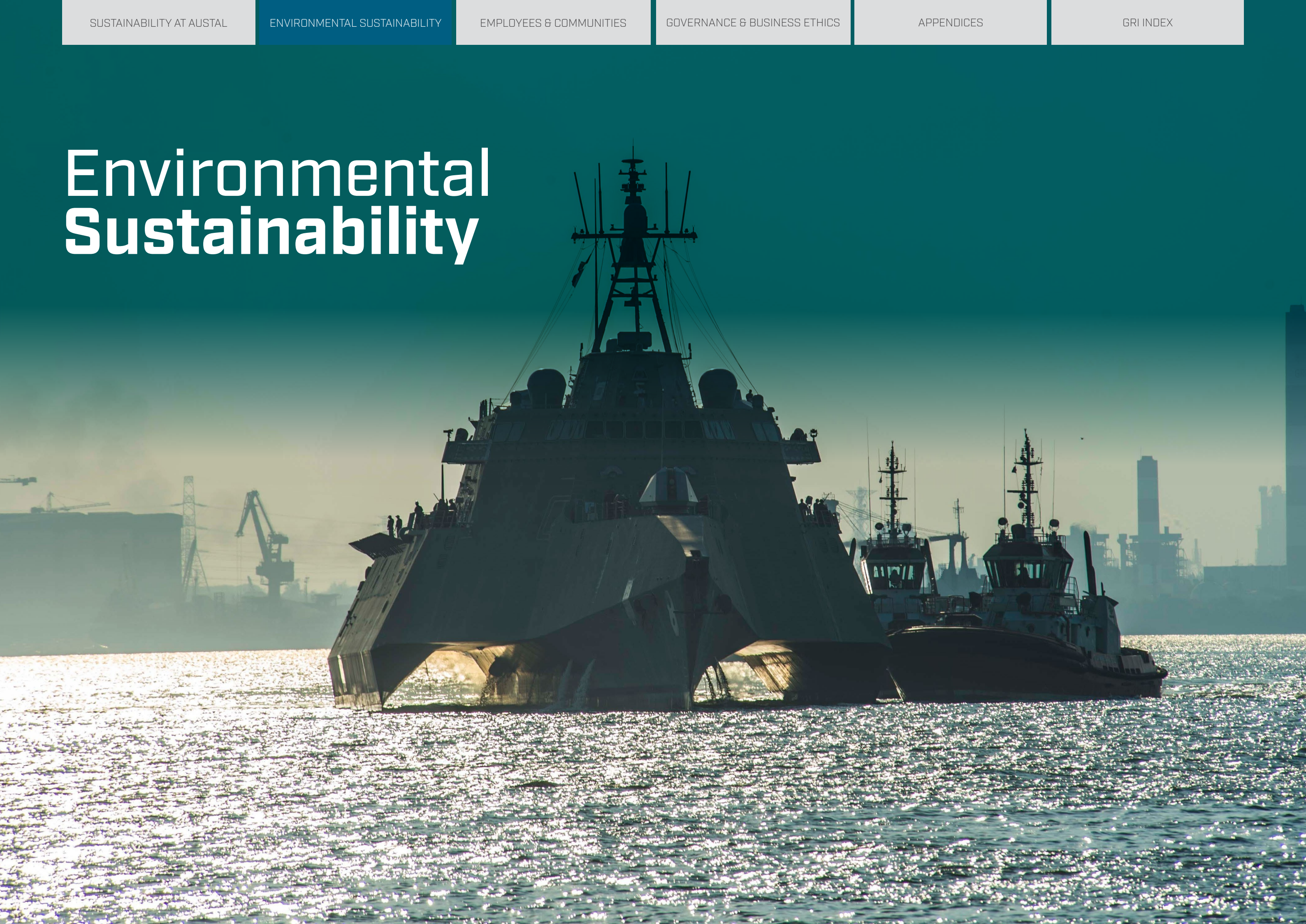
Environmental Sustainability

Our Approach to Environmental Sustainability

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

Each of Austal's operational sites has a dedicated Health, Safety and Environmental team who evaluates operational practices against environmental indicators and seeks improvement opportunities. The teams are tasked with ensuring that our business is conducted in a manner designed to promote a culture where environmental issues are a primary consideration within the business. 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.

Austal maintains an environmental management system that conforms to recognised standards such as ISO 14001, integrated within the Austal Business Management System. For more information about ISO Certification in various locations, please refer to our Appendices.

The principles that underpin our environmental commitments include:

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

» Environmental management should be integrated into our everyday operations, 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.

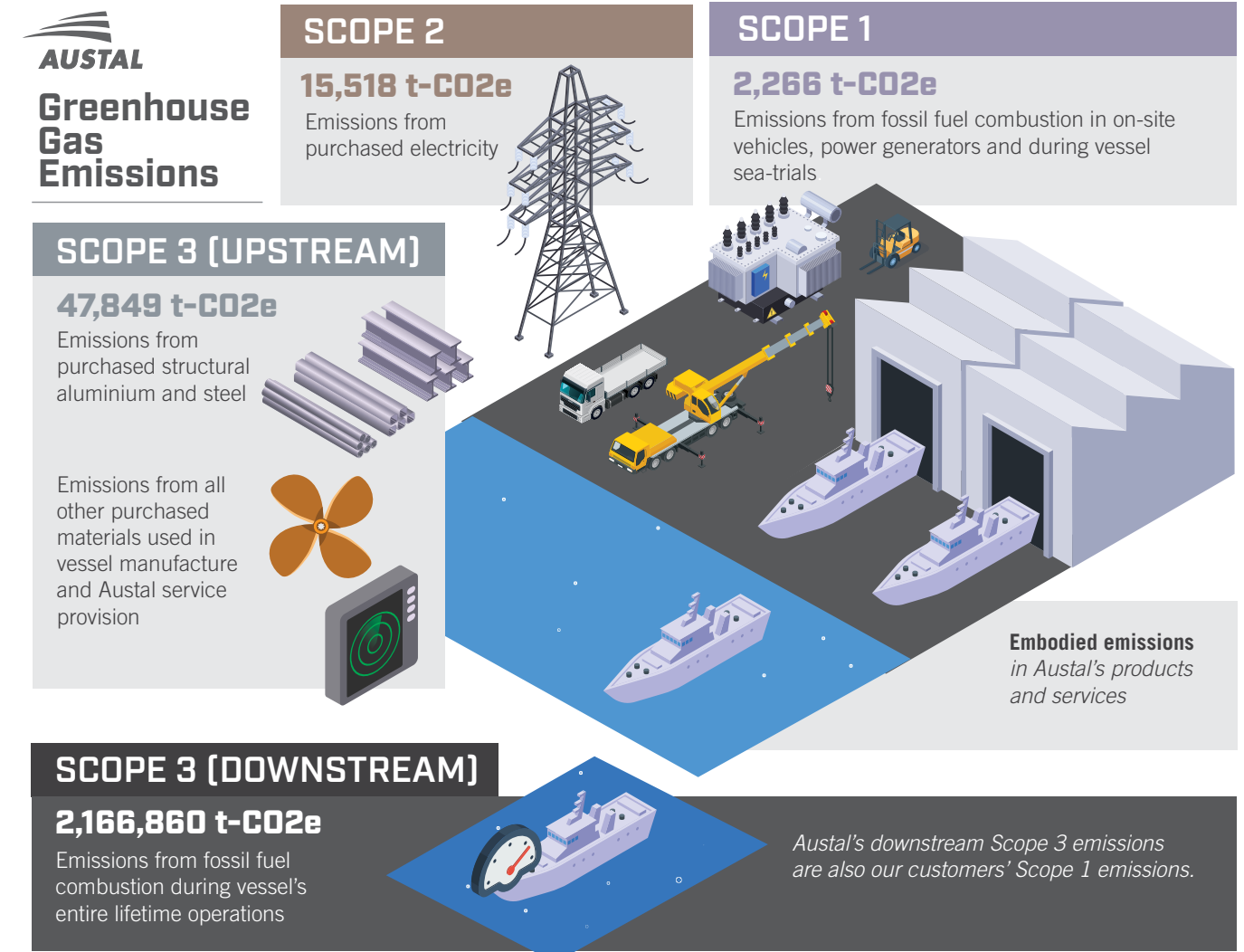» Caring for the environment means proactively preventing harm.

We look at environmental management through two lenses:

OPERATIONS

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

PRODUCTS

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

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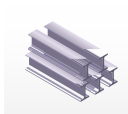
Climate Change

At Austal, we recognise the potential impact of climate change on our business and communities. To address potential climate risks, adaptation measures are required while making deep cuts in greenhouse gas ("GHG") emissions. Austal supports the general consensus that effective responses to climate change are crucial to transition to a net-zero emissions future.

Essentially what this means for our business is making decarbonisation efforts in a timely manner. In FY22, we have set GHG emissions reduction targets with plans to address our carbon footprint. We are building resilience through target setting and management of climate-related risks and opportunities.

AUSTAL

Greenhouse Gas Emissions

SCOPE 2
15,518 t-CO2e
Emissions from purchased electricity

SCOPE 1
2,266 t-CO2e
Emissions from fossil fuel combustion in on-site vehicles, power generators and during vessel sea-trials

SCOPE 3 (UPSTREAM)
47,849 t-CO2e
Emissions from purchased structural aluminium and steel

Emissions from all other purchased materials used in vessel manufacture and Austal service provision

Embodied emissions *in Austal's products and services*

SCOPE 3 (DOWNSTREAM)
2,166,860 t-CO2e
Emissions from fossil fuel combustion during vessel's entire lifetime operations

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

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

Aluminium and steel incorporated into Austal's vessels

All the other equipment and materials incorporated into the vessels produced

Electricity used across our operational sites

Fuel consumed during sea trials

Fuel consumed during delivery voyages

Our reporting scope of GHG emissions covers our 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 GHG emissions associated with the operation by our customers of the vessels Austal delivers are also estimated and declared as part of Austal's downstream Scope 3 emissions.

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

Greenhouse Gas Emissions Targets

To support the transition to a low-carbon economy, Austal recognises the need to develop carbon reduction targets. This year, we have established GHG emissions reduction targets:
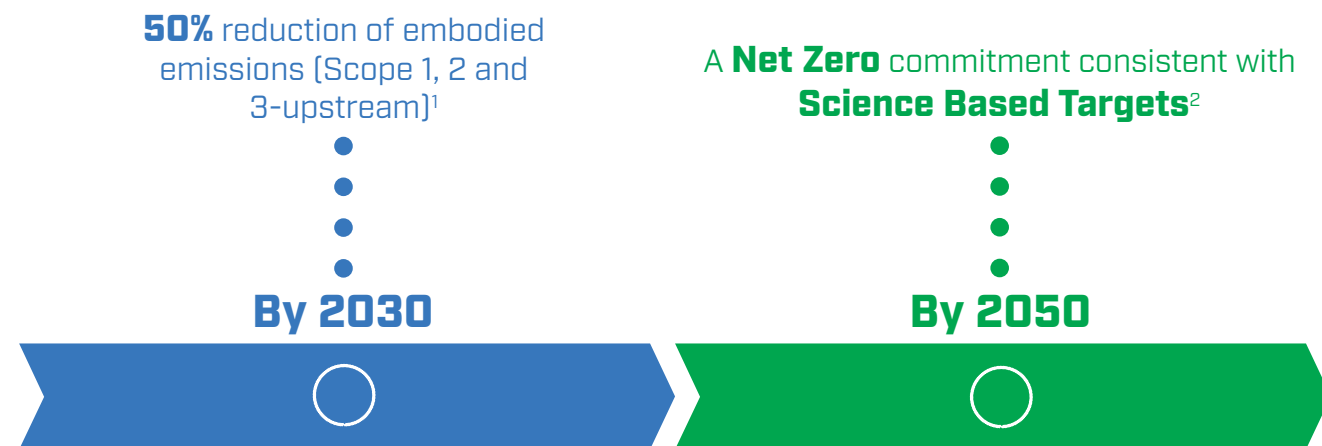
50% reduction of embodied emissions [Scope 1, 2 and 3-upstream][1]

By 2030

A **Net Zero** commitment consistent with **Science Based Targets**[2]

By 2050

To accomplish these targets, we will begin our focus on the following initiatives:

SCOPE 1	» Adopt greater use of simulation to reduce hours of sea trials
SCOPE 2	» Implement energy efficiency programs to reduce electricity use in shipyards » Install solar power in shipyards to generate renewable electricity on-site » Purchase renewable electricity for remaining power demand
SCOPE 3 Upstream	» Increase share of steel vessel build and/or source low carbon aluminium » Purchase zero carbon steel and aluminium when commercially available » Selectively source major equipment and materials from suppliers with lower carbon emissions » Build in partner yards closer to end-customers to reduce delivery voyage emissions[3]
SCOPE 3 Downstream	» Use of refrigerants in heating, ventilation, and air conditioning ("HVAC") with lower GHG potential » Use of batteries or alternative fuels to power vessels

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

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

[3] This is suggested only where other commercial drivers such as incentives or requirements for local build are in place.

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.

Examples of these initiatives include:

» Designing a range of low and zero carbon emissions vessels, including expanding the size, speed and range of the VOLTA family of battery electric vessels and 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 resistance 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" made using electricity generated by renewable sources, from suppliers incorporating higher quantities of recycled aluminium.

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

Upgrading the powertrain of existing vessels would serve to reduce the through life Scope 3 emissions of vessels already delivered, including potentially vessels delivered in the FY22 reporting period where the key assumption in the numbers reported has been that they will continue to burn diesel through a 25-year life without any change in energy source 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 design and equipment as well as the shore-based infrastructure for re-charging batteries and/or re-fuelling with alternative fuels. The design and engineering challenges, as well as financing challenges, are considerably more complex than traditional diesel-powered boats. Austal believes it is uniquely positioned to help customers meet this challenge and thereby address their own Scope 1 emissions reduction targets.
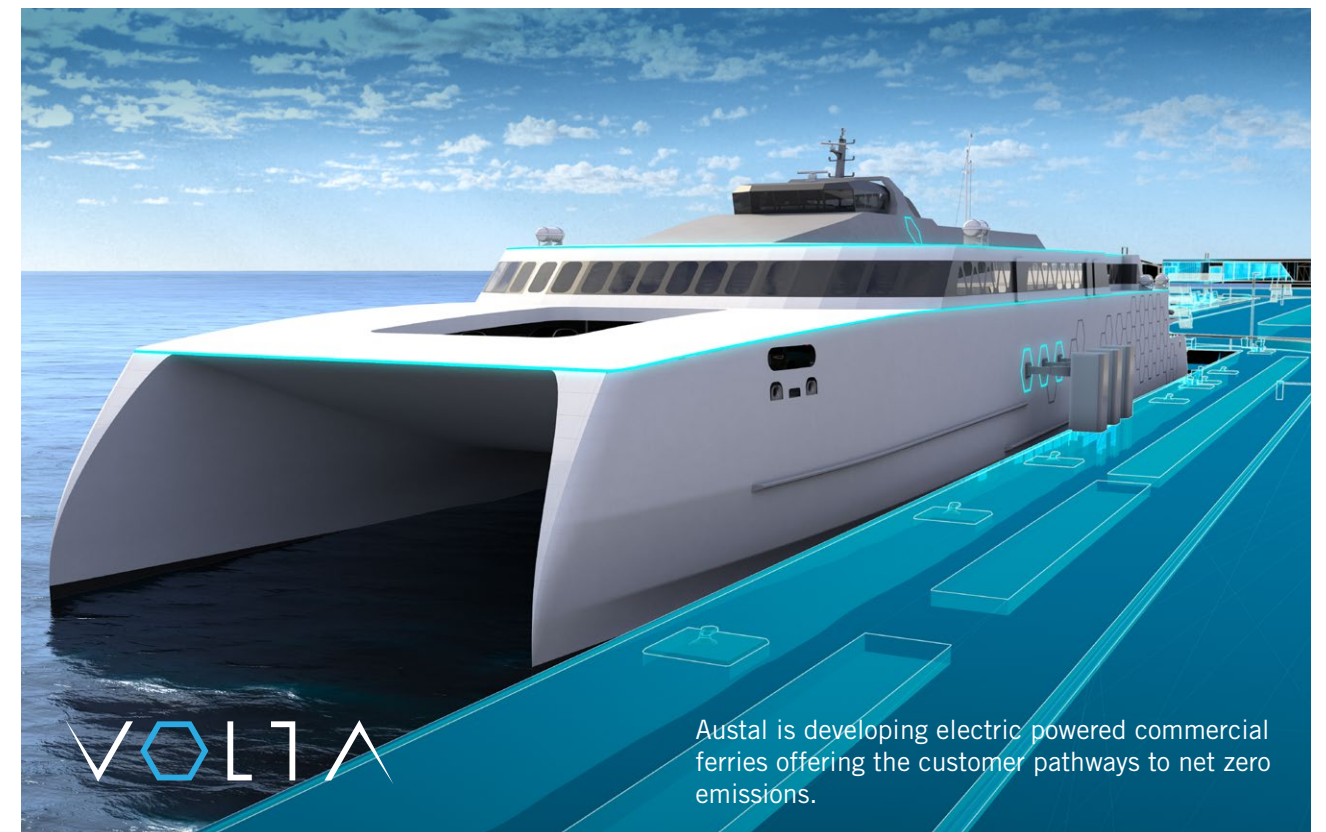
VOLTA

Austal is developing electric powered commercial ferries offering the customer pathways to net zero emissions.

VOL1A

Austal VOLTA series - Proven Platforms with Pathways to Zero Emissions

We believe the future of a net zero fast ferry, built from green aluminium and powered by zero emission energy, is closer to becoming a reality than most realise.

Since our launch of the VOLTA series of electric-powered high speed ferry solutions in 2021, we have introduced three high speed ferry designs: Passenger Express 46V, 43V and 32 V. The Austal's VOLTA series is a complete, customisable electric-powered transport solution that has been designed from the hull up to offer a smarter, affordable alternative for ferry operators. We worked to integrate state-of-the-art electric drive and lithium-ion battery technology with lightweight, low-resistance, optimised hull forms to enable zero emission high-speed ferries.

Austal's VOLTA series offers a sustainable solution:

» **Our planet** – Zero emissions , reduced noise and low wave wash.

» **Our community** – Cleaner, more reliable, safer and quieter.

» **Your company** – Reduced energy consumption, maintenance costs and total cost of ownership.

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.

For more information on VOLTA, please refer to **volta.austal.com**

MARINELINK - Fuel Use Optimisation using Artificial Intelligence and Big Data

Austal's Research and Development teams have been working on a variety of different future powering solutions for vessels. Our MARINELINK is an advanced control and monitoring system that delivers remote vessel performance tracking and voyage optimisation to reduce fuel consumption and enhance passenger comfort. The system's machine learning algorithms continuously monitor and analyse vessel data to recommend settings for crew to action and provide performance feedback in real-time. Crew receive recommended settings via bridge displays to improve fuel consumption, passenger comfort and on-time arrival.

Lifecycle Upkeep Sustainment Intelligence "LUSI" – Extending Vessel Life Cycle

We recognise the importance of extending vessel life cycle to environmental sustainability. Austal Technology (a business unit specifically dedicated to the development of vessel and fleet software solutions) has developed a software solution 'LUSI' that provides a harmonised and collaborative platform for the effective and efficient management of sustainment activities. Through optimising fleet utilisation,

LUSI effectively extends the life and efficiency of the assets and enhancing operational effectiveness and reliability. By extending vessel life expectancy, we can reduce material used for shipbuilding and associated carbon emissions.

Materials Used in Our Products

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, HVAC plants, seating, windows and kitchen and toilet facilities.

In selecting materials for incorporation into our products, we consider material longevity, durability, and repairability to ensure the vessels we construct are of high quality as well as efficient and long-lasting. Our aim is to manufacture vessels that are highly economical and sustainable over their lifecycle.

Aluminium

Austal is the largest global manufacturer of aluminium vessels. Aluminium is light, strong and durable. For higher speed vessels it offers 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 upstream Scope 3 GHG emissions while the benefit of lower weight aluminium in reducing diesel consumption is reflected in our downstream Scope 3.

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.

Waste Management

Any waste generated during construction, maintenance and service of vessels as well as office operations, is managed according to the environmental laws and regulations established in the countries we operate in. We apply our Health Safety Environment and Quality ("HSEQ") risk management principles to manage significant impacts from waste we generate.

Waste Management plans, guidelines and procedures are developed specific to each of our locations to management waste such as aluminium and steel scraps.

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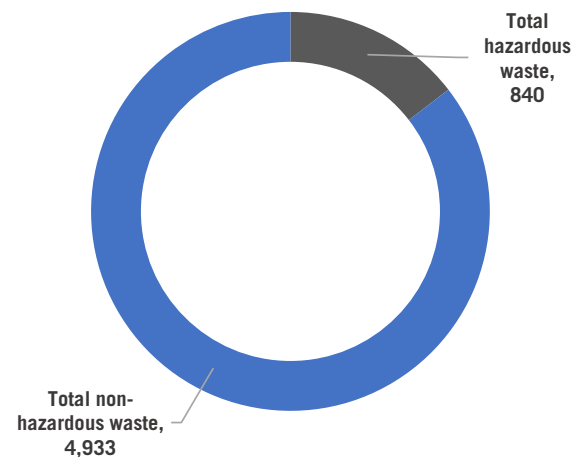
Reducing Waste in Our Operations

Austal is committed to reducing our waste by promoting waste recycling and replace single-use plastic with environmentally friendly options. This year, Austal Australia initiated soft plastic recycling for plastic drop sheets used for the protection of surfaces. Following painting activities, plastic drop sheets are collected and recycled. As a result, around one tonne of soft plastic waste has been diverted from landfill through the recycling program.

Following the single-use plastic and disposable items bans in Australia, we have reviewed our purchasing inventory and implemented actions to substitute for more environmentally sustainable product options. Through the engagement, Austal will replace up to 64,000 individual polystyrene cups used annually with biodegradable cups.

Total hazardous waste, 840

Total non-hazardous waste, 4,933
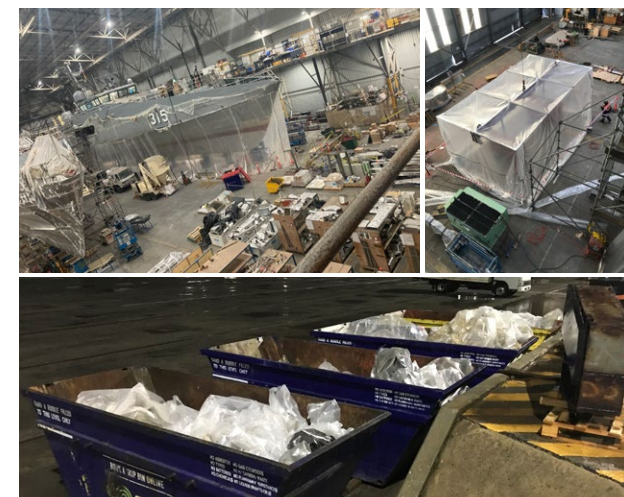
In FY22, **Austal Philippines** donated reusable waste materials such as scrap wood from equipment and materials packaging and unused paints remaining from previous vessels. The material reuse has facilitated the renovation of community schools and provided building materials for community fire victims.

Austal Vietnam has successfully diverted a variety of waste materials from landfill in FY22:

| Plastic welding wire reels: **800 reels** | Steel scrap: **2,060 kg** | Stainless steel scrap: **490 kg** |
| Aluminium scrap: **56,885 kg** | Copper scrap: **65 kg** | |
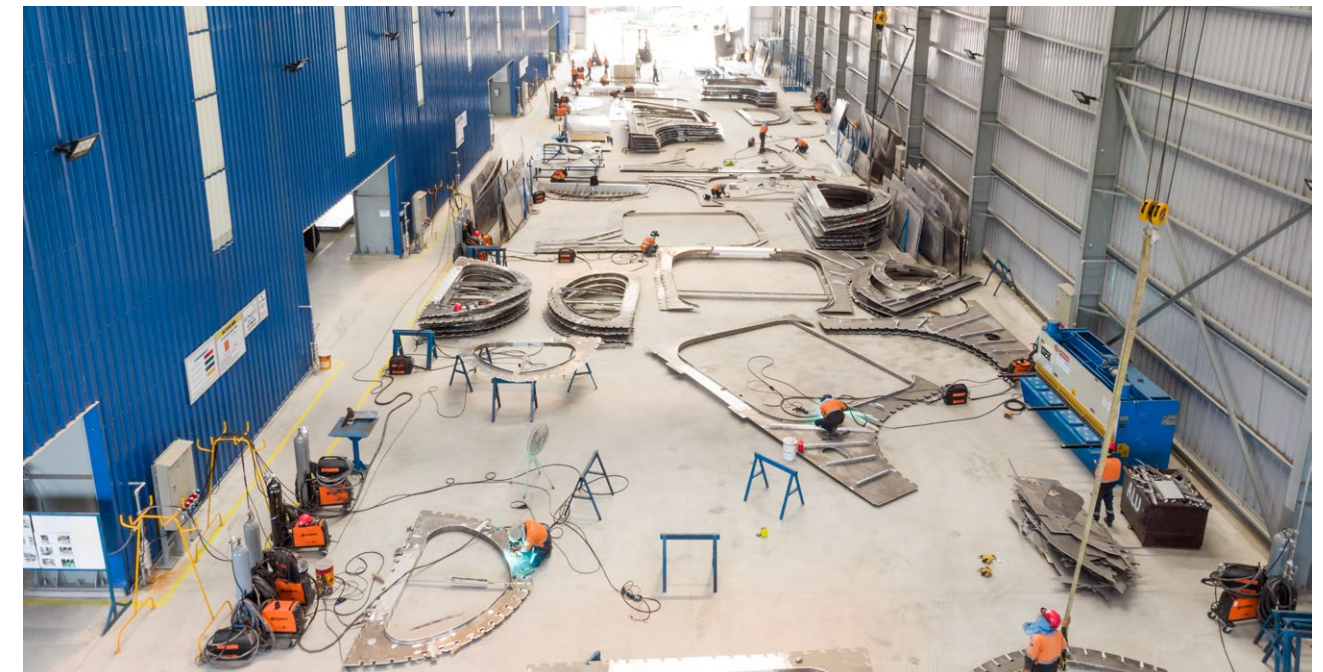
Water Management

Austal's primary source of water is third-party produced water. There is no significant water use required for the processes related to our shipbuilding methodology. Surface water management procedures are in place to prevent pollution. All water used by Austal is diverted to local treatment plants. We adhere to national and local standards for wastewater management. Water consumption is monitored and recorded in each of our facilities to establish normal ranges of water consumption. This has proven to be effective in our shipyard in the Philippines, where such a system allowed for easy detection of abnormalities so that issues can be easily rectified to prevent wastage.

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.

Employees & Communities

Employees

As a multinational company, we are committed 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
1060

Vietnam
313

Philippines
993

United States
2661

Employees by type of contract and gender

Total permanent employees - male*, 763

Total permanent employees - female*, 83

Total temporary employees - female*, 574

Total temporary employees - male*, 3596

Total part-time employees - female, 17

Total part-time employees - male, 16

Total full-time employees - female, 629

Total full-time employees - male, 4357

USA numbers for temporary employees are not available

Employment Benefits

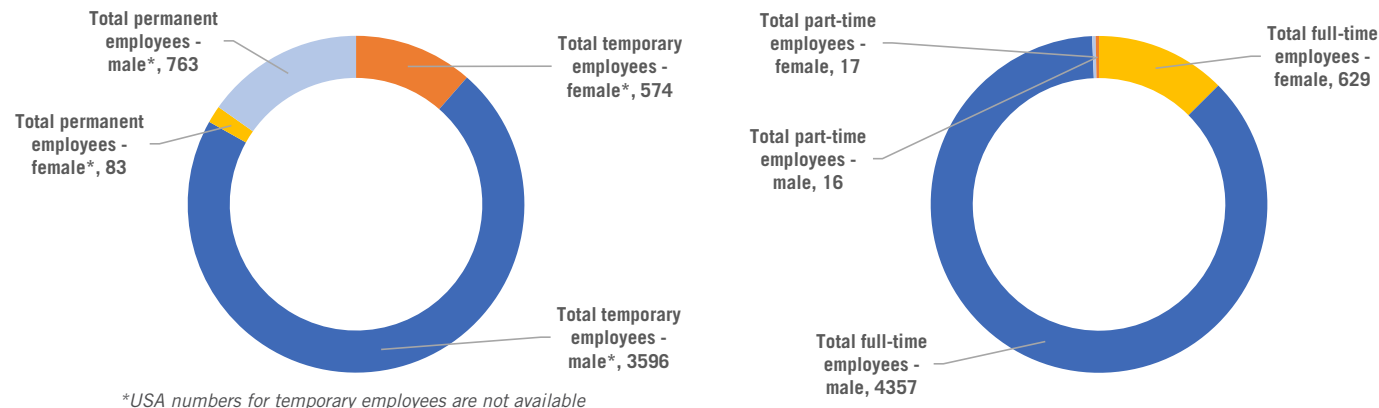Globally, Austal offers its employees the assurance of health care, injury and invalidity coverage, as well as paid flexibility for parental leave, medical and personal leave and vacations. In our countries of operation, each entity provides employment benefits in line with local employment regulations 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 with medical insurance, monthly food allowance and daily meal allowance at work. We also offer our employees at supervisory levels an annual housing allowance.

» In Australia, employees are invited to obtain Austal shares from the Austal Group Employee Share Plan. We also offer our employees a range of benefits such as access to the employee assistance program and the option to cash out their leave.

Creating a Culture of Recognition

We acknowledge our employees' commitment to excellence and responsible work attitude through employee recognition initiatives. At our operations in Australia, each week an employee is nominated and awarded an Austal Values Award for putting Austal's values "Excellence", "Customer Focus", "Integrity" and "Teamwork" into practice.

Austal Philippines also has a Worker of the Month recognition program to award employees with exceptional performances and for embodying the Austal Values. By creating a culture of recognition, we strive to build a motivated, engaged and collaborative workforce.

Promoting Flexible Work

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

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

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

» we are conducting a company-wide review of resources to gain a greater understanding of current job design and organisational structure and how flexible work arrangements can be implemented across all roles.

Parental Leave

Austal's parental leave schemes 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. In additional to their parental leave entitlements, we continue to pay superannuation for up to 12 months to ensure women are not impacted by having lower super when they retire.

Parental leave per gender

Number of employees who took parental leave: 81

Female, **19**   Male, **62**
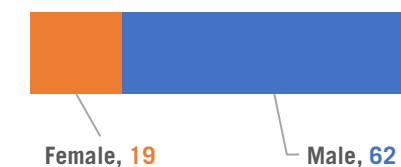
Number of employees who returned to work after parental leave: 76

Female, **14**   Male, **62**

Diversity and Equal Opportunity

Austal recognises that developing a diverse workforce is critical in building our organisational capability and maintaining a high level of performance.

Diversity may result from a range of factors including place of origin, age, gender, cultural heritage, education, physical ability, appearance, language and family responsibilities. Austal has a Diversity Committee, chaired by the CEO, that meet quarterly to discuss, plan and approve initiatives aimed at improving diversity across the business. Executives have key performance indicators ("KPIs") on gender participation within their areas of responsibility, and part of their remuneration is linked to the achievement of those KPIs as part of Austal's "balanced scorecard" approach. Our Equity and Diversity Policy fosters diversity and supports equal opportunity at all levels across the group.

Our business operations are underpinned by a list of principles:

» Recruiting and managing on the basis of a person's competence and performance.

» Creating a culture that empowers and rewards people to act in accordance with this policy.

» Valuing and respecting the distinctive skills, experiences and perspectives each individual brings to the workplace.

» Ensuring we have clear reporting processes and procedures in place.

» Creating an inclusive, productive and safe work environment by taking action to prevent and stop discrimination, harassment and bullying.

Shaping Social Inclusion

Austal aims to promote diversity and inclusion through diversity targets

It has been determined that a target of 25% across all disciplines would create the possibility of a ship design and construction being completed by an all-female project team. We call this our Pink Ship initiative and we review our progress towards this objective annually.

To achieve this target, Austal is undertaking a range of initiatives:

» We partner with schools, TAFE and external training organisations to drive a higher participation of women in trades traditionally filled by men.

» Our apprentice program has evolved to include a renewed focus on attracting women. We aim for 50% participation in all apprentice intakes each cohort.

» We ensure that our graduate assessment and selection centres have 50% female participation rates. We provide guidance to our selection panels on understanding their own inherent bias with purpose of increasing the number of women selected for our graduate program.

Austal's Diversity Targets

Board composition **40%** female by **2023**

25% of Australian workforce female by **2030**

» Austal USA implemented an Affirmative Action Program to ensure that appropriate actions are taken to eliminate discrimination against women, protected veterans and individuals with disabilities. This program defines the management responsibilities, policy dissemination and action-oriented programs execution and monitoring for equal employment opportunity. Analytical assessment on areas such as workforce, job group, availability and disparity are also conducted for continuous improvement.

» Austal provides 10 days paid leave for any employee affected by domestic violence.

» We will develop a formal policy that outlines its pay equity approach and methodology to be undertaken with current employees and all new hires.

Business unit	% of Senior Management roles filled by women	% of Management roles filled by women	% of professional roles filled by women
Australian operations	15.8%	18.6%	13.2%
US operations	21.4%	12.6%	15.0%
Philippines operations	16.7%	12.9%	9.5%
Vietnam operations	0%	26.7%	18.9%

We are on our way to our ambition of 25% women across the business. In FY22, our latest Workplace Gender Equality Agency ("WGEA") Report shows that a total of 14% of the company's total workforce are women. 13% of senior management are women, 9% of operational management are women, 19% in professional role and 3% in trade roles. Austal will continue to work with external partners, such as recruitment agencies and universities, to bring more female tradesperson, apprentices, graduates and professionals into the business.

We have 20% women in Vietnam, with 12% of those in Production which is an achievement for a geographical region that does not traditionally have support systems for women or women with family responsibilities.

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

Training and Education

Austal invests in the development of our employees. We 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.

Cultivating In-demand Skills Through Partnerships with Education Institutions

At Austal, we recognise that equipping our workforce with skills for the future is a strategic concern in the growth of our business and the wider ship building industry. Austal Australia partners with 25 education institutions to provide vocational training programs, apprenticeships and work experience for students and graduates who are keen to enter the ship building industry.

Collaboration with South Metropolitan TAFE

Austal has a long-standing relationship with South Metropolitan TAFE since 2007. We host around 100 school or TAFE students annually for trade work experience. During the 2-week on-site work experience, students can learn valuable skillsets such as electrical, fabrication and welding, cabinet making or marine fitting. Our direct supervisors provide feedback to students on the way they applied themselves throughout the 2-week program and the behaviours relating to the Austal Values. This program also provides opportunities for student to advance to our 42 to 48-month Austal Apprenticeship programs.

	Work Experience Program in 2022	**86** work experience students	**12** career expos	**7** school visits
	Apprentice Progam in 2022	**89** apprentices		

Defence Industry Pathways Program

To secure a future pipeline of highly skilled defence industry workers, it is crucial to make collective effort between industry partners, educational institutions, and the government. We are one of the key industry partners who participate in the Defence Industry Pathways Program ("DIPP") jointly developed by South Metropolitan TAFE and the Royal Australian Navy. DIPP is a 12-month traineeship that exposes graduates to a number of fields prior to deciding on a maritime defence pathway for the future.

	DIPP in 2022	**15** trainees

"As one of the host employers, Austal provides trainees with opportunities within our supply chain, configuration management, support, engineering, ICT, production and stores environments. We look forward to providing continued support working with talented individuals and supporting those that wish to make a career in the Defence Support Industry."

Katrina Gannon - Organisational Development Partner, Austal

Building Skills for the Future of Work

The Austal Australasia's Graduate Development Program ("AGDP") is a 3-year structured program that aims to identify, develop and broaden the skills, knowledge and competencies of our graduates so that they are able to realise their full potential. Our AGDP covers the following areas:

» Electrical Engineering

» Business and Commerce

» Technology and ICT

» Mechanical Engineering

» Naval Architects

Periodic placements are provided across multiple functions - including Production, Procurement, Design, Engineering, Commercial, and Programs - at our Australian, Vietnam and Philippines operations. We assign our senior leaders as mentors throughout the graduate program. Graduates will also be given the opportunity to conduct a research or improvement project and present findings to our executive leadership team. This program makes Austal an excellent choice for those who are talented, passionate and seeking a rewarding career in a dynamic and progressive environment.

	Graduate Program in 2022	**17** graduates

Graduate Stories - A Day in the Life at Austal Australia

"Every Tuesday, Wednesday, and Thursday, we have an "ideas" meeting. In the Research & Development fields, innovation is the driver of value-generation, so we have a morning meeting dedicated to fostering the art of innovation. Any and all are welcome – and encouraged – to bring whatever eccentric ideas they may have to the table.

These meetings are a fantastic part of my day, as I get to watch a team of professional researchers and engineers, with varied and complex sets of experience, do what they do best. The meetings are valuable opportunities to learn and absorb information about a vast array of different topics, which keeps me intellectually satisfied and motivated."

Ethan Matthews - Graduate Engineer at Austal

Ensuring Critical Talent Pipeline Through Internship and Apprenticeship

Austal USA has been working with the Mobile Chamber of Commerce to further develop partnerships with local schools and specific training programs such as the Williamson High school Maritime Academy. We have also received requests from schools in Alabama to host some of their students for summer internships and to be a part of its youth apprenticeship program.
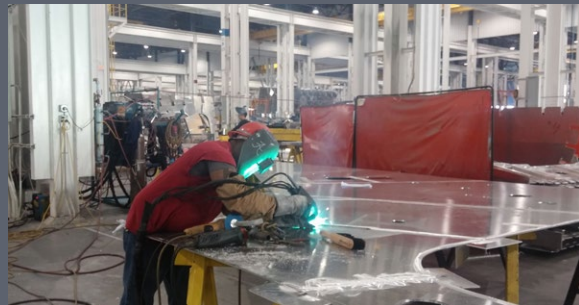
Apprenticeship provides a critical talent pipeline that can help address some of our pressing workforce challenges. Our 4-year apprenticeship program and trade assistant training program at Austal USA aim to develop a sustainable core workforce with trade knowledge necessary to fill vital workforce gaps. During the National

Apprenticeship Week in USA, we selected, photographed and interviewed 7 apprentices. The information on the highlighted apprentices were shared on Austal's social media. We will continue to provide young people a structured workplace learning opportunity that positions them well to permanently enter the workforce.

Empowering Local Workforce through Skill Development

We understand that building a strong and resilient local workforce is essential in emerging markets.

Austal Philippines' Production Technical Training Program prioritises hiring of local trainees and develop them to become world class shipbuilders.

This program covers orientations, lectures, hands-on trainings and buddy coaching. New contracts and awards are given to trainees who have successfully completed the program. Through this training program, we are empowering local communities by building a highly skilled workforce.

Occupational health and safety

In every geography in which we operate, our businesses uphold health and safety standards and protocols. Our HSEQ teams have developed HSEQ policies, procedures and training programs that reflect accredited HSEQ standards in the jurisdictions where we operate.

In Australia, Austal's HSEQ policies align with ISO Integrated Management System (i.e. ISO 9001, 45001 and 14001). The Austal Australia Risk Management Framework is designed in accordance with ISO31000: Risk Management – Principles and guidelines. Austal USA's programs align with the US Occupational Safety and Health Administration requirements for workplace safety and health. These standards overlay the health and safety requirements for our Vietnam and Philippines operations.

The HSEQ team has also developed extensive HSEQ risk registers and ensure mitigation measures for each facility are planned and implemented. HSEQ risks and mitigation measures are regularly reviewed and updated, with regular HSEQ audits to ensure effective implementation.

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. Our HSEQ database is in place to record, investigate and follow-up incidents. All incidents are investigated within 48 hours of them occurring.

0.00%
Rate of fatalities from work-related injuries

0.65%
Lost time injuries rate
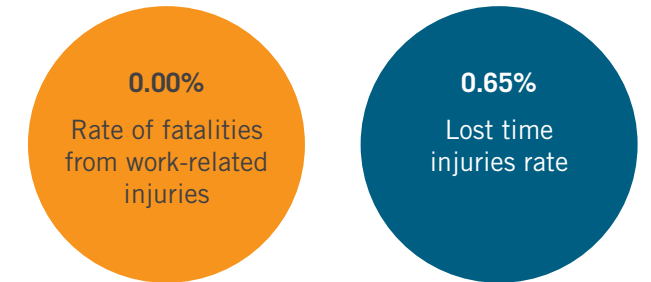
* Rate calculation is per 200,000 hours of work including Australia, Philippines, Vietnam and the United States

Our beliefs

» Health and safety is everyone's responsibility
» All accidents are preventable
» Our behaviour as leaders influences health and safety
» Anyone can stop an unsafe act
» Lessons learnt and continuous improvement are vital to effective safety management

Worker training on occupational health and safety

Austal goes to great lengths to educate the entire workforce – from executive management to tradespeople – on the importance of safety and health by requiring management involvement in all significant HSEQ incidents. Our employees at Austal Australia must undergo the 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 competency assessment.

Creating a Safety Culture Through Innovation

During the Australian National Safe Work Month in October, Austal Australia held a safety competition seeking Safety Hero nominations for safety innovations implemented against the criteria of ''challenging the way it has always been done''. Nominations were reviewed by the HSEQ Department, leadership team and other safety representatives. The winner was awarded after designing and implementing an adjustable protection device for vessel scuppers. The product protects dropped item risks and substitutes the need for welding metal plate in the area or installing scaffold kickboards. The Safety Hero program was a great success, with multiple innovative initiatives being raised and shared with the business for implementation consideration.

Introducing New Safety Features

Austal conducts regular investigation and cause analysis on potential safety hazards such as eye injury. Our management and supervisory group play a pivotal role in the solutions by recommending, trialling, designing, and testing industry products for consideration in their work areas. This year, Austal Australia introduced nape hoods amongst several other initiatives to reduce potential safety risks. Since introduction and implementation, Austal has reduced foreign object eye related injuries at the work areas of concern by approximately 50% this financial year compared to last.

Our COVID-19 Response

The Coronavirus ("COVID-19") pandemic represented an unprecedented challenge for all Austal Staff, families and the community at large as well as Austal as a company. Formed by Austal senior management across the business, our COVID-19 Incident Management Team responds to and coordinates the management of any COVID-19 potential risks or incidents. The management team facilitates incident management meetings, briefings and decision-making forums scheduled depending on the severity of the situation. To support our management team, workplace safety representatives are elected to consult, communicate and assure participation throughout management approaches to the evolving COVID-19 environments. Austal has procured rapid antigen test kits, altered shift rosters, relocated office staff and altered office seating arrangements, whilst also initiating safe hygiene practice initiatives. We will continue to support our colleagues through challenges brought about by the COVID-19 pandemic.

Managing Mental Health in the Workplace

Recognising and promoting mental health is an essential part of creating a healthy workplace. Austal Australia invited an accredited instructor to provide mental health first aid training to our senior staff and a mental wellness workshop to our apprentices. Over 110 senior staff completed this mental first aid training and 22 apprentices attended the mental wellness workshop. We planned to expand our mental wellness training to graduates and other apprentices in 2023.

Our community and partners

At Austal, we utilise our knowledge, skills, goodwill and resources to serve our community. Our community contributions generate socio-economic values and demonstrate our corporate social responsibility.

Australia

Austal Giving

Austal Australia has established Austal Giving, a platform for our employees to aid in community and charitable programs. Our dedicated Austal Giving Committee leads and manages community programs to ensure we make a real difference in our local communities. Through a robust review process, applications are critically assessed for compliance against Austal's support criteria.

Below are some highlights of the aid provided in FY22.

Recovery and Restoration Veterans Transition Centre ("RRTC") - A Place and Space Where No Veteran Is Alone

We understand the importance of supporting ex-Defence personnel in need during their transition to civilian life. Located in natural bushland in the Darling Ranges southeast of Perth. The Recovery and Restoration Veterans Transition Centre ("RRTC") initiative provides free short-term accommodation, employment assistance and counselling services for ex-Defence personnel. This year, we provided support on design drawing, material procurement and renovation of three buildings at the Jarrahdale facility. We are glad that we can utilise our skills to support positive transformation to the lives of veterans.

Anglicare WA Young Hearts Program

COVID-19 has heightened pressures on vulnerable families. Anglicare WA reported that there has been a substantial increase in rising instances of family and domestic violence and increased rates of poverty. Through Anglicare WA's Young Hearts Program, we supported two full-time counsellors to provide counselling services for children, women and their non-offending family members. The counsellors conducted 286 sessions for 94 children, parents and caregivers, with 33 new to the service. Our contribution will help children and their family members to break the cycle of family and domestic violence.

Spinnaker Health Research Foundation

In 2006 we started our own version of the Freo Doctor Lottery and have retained that commitment to fundraising every year since. Austal matches every dollar raised by our employees and to date more than AUD$250,000 has been donated to Spinnaker Health Research Foundation (formerly known as Fremantle Hospital Medical Research Foundation). The year 2022 marks our 15th year of involvement in funding a medical research project annually. This year, we supported Dr Nick Lan from Fiona Stanley Hospital to conduct research in diabetes and heart diseases.

> *"Austal is very proud of, and grateful for the opportunity to support the Spinnaker Health Research Foundation – to help fund medical research projects that are making a real difference to people's lives in our local community."*
>
> Paul Sparke – Head of Marketing and Communications, Austal Australia

Telethon Kids Institute, Djaalinj Waakinj Ear Portal Program

Every year 650,000 Australian children suffer from recurrent or chronic middle ear infections called otitis media. Telethon Kids Institute research has shown close to 50% of aboriginal children suffer from chronic middle ear infections in the first 6 months of age. We support Telethon Kids Institute's Djaalinj Waakinj Ear Portal Program ("DWEPP") to provide faster diagnosis and treatment of middle ear infections in Aboriginal children in the Cockburn and South Metro area. Austal Giving representatives visited the Cockburn Integrated Health centre during a DWEPP clinic day and met with key staff and surgeons involved in the program. This visit contributed to the decision by the committee to continue to support this important program for the next 3 years with annual funding of AUD$50,000. This year, 243 children were recruited to the program, 156 children attended specialist appointments and 30 had ear surgery, free of charge with no waiting time.
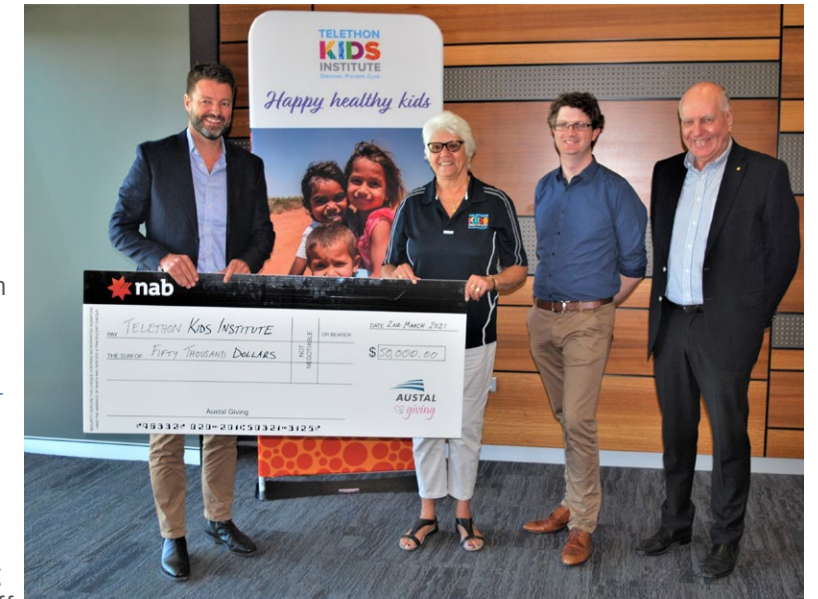
> *"By supporting the Djaalinj Waakinj Ear Portal Program, Austal will make a real impact to local families and help ensure no child in our local community starts school with preventable or treatable hearing loss."*
>
> Richard Liley – Head of Business Transformation, Austal Australia

United States of America

Austal USA is an active member of the Mobile, Alabama community. We have 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. Below are just a few highlights of FY22.

2022 Charity Golf Invitational

In 2012, Austal USA first teamed up with the company's current and potential vendors to raise money through a golf tournament. Since the tournament started it has raised over $1.9 million. Continued support from our teammates and the local community has ensured the tournament has exceeded goals in both players and donations every year. This year, Austal USA raised US$200,000 for local charities through its annual golf invitational held this year. All of the proceeds from the event will benefit United Way of Southwest Alabama, Dumas Wesley Community Center, and Veterans Recovery Resources. 288 golfers representing 90 Austal USA vendors across the U.S. came together this year to make this event so successful.

"From day one, Austal has received tremendous support from our community at the local, county, state and national levels, from our suppliers, our friends and our workforce family and we are so excited to have this opportunity to give back."

Rusty Murdaugh – President, Austal USA

Donation to Expand Port of San Diego's Pepper Park

We recognise that strong community partnerships are the key to success. The Port of San Diego is redesigning Pepper Park as an improvement project along the bayfront of San Diego Bay. This project aims to improve public access and recreation. We donated US$250,000 to support this improvement project. This multifaceted effort demonstrates Austal USA's long-term commitment to the local community for economic development.

Philippines

Support Typhoon Odette Relief

In December 2021, a powerful and catastrophic tropical cyclone has struck the Philippines which resulted in wide-spread damages. Through the Austal Giving Program, our employees at Austal Australia made donations to IPI Foundation for disaster relief and support. This initiative helped local fishermen repair their boats and recover their livelihoods which were destroyed during typhoon Odette.

We also donated construction materials to Cabasiangan Elementary School which was severely damaged by Typhoon Odette. These materials helped rebuild two classrooms for children to have face to face classes.

Governance & Business Ethics

Governance Structure

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

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

Except for a small number of subsidiary companies that have been established in foreign jurisdictions where local laws may dictate the number and nationality of directors, the Non-Executive Chairman and the CEO are both Directors of each of Austal's subsidiary companies.

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

Board Diversity

The Board has adopted an Equity and Diversity policy which is periodically reviewed. The policy was updated in 2021 to include measurable targets for employing women across the workforce, with targets for the Board including:

» Board composition 40% female by 2022. The Board was not able to identify and engage an appropriate additional female Director in order to meet this target by the specified date of 30 June 2022, however it remains committed to a target of 40% of Board members being women. The Board has determined to extend the date for achievement of this target to 30 June 2023 and it will be a focus of the Board to ensure this is met during the next 12 months.

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.

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 (including climate-related risks).

» 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).

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

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

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

Risk Management

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

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 fit-for-purpose 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.

» 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 2022. 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 group's exposure to those risks. The Board reviews the group's risk management framework regularly as part of its strategic discussions.

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

Cyber Security

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

Our comprehensive cyber security measures range from technical controls across our network, to software and hardware layers and a curriculum of employee training in cyber awareness. These initiatives are structured 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

Cyber Security Certifications

We are certified with the internationally recognised ISO 27001 Information Security Management Standard. ISO 27001 is designed to help organisations implement an effective information security management system. 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. In addition, we have ongoing staff training on cyber-related matters.

We have implemented a myriad of 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

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 ("DISP"). The DISP is open to any Australian business in the Defence supply chain and serves as a layer of security assurance. It supports Australian businesses to address risks associated with providing services, products, or capability to the Australian Defence Organisation. The program is intended to address and protect the Defence supply chain from security vulnerabilities by assessing business's processes, procedures, information technology and cyber security, physical security and personnel security. This lucrative program provides a layer of protection for the Defence supply chain, allowing for an improvement in resilience, security and assurance of its sourcing arrangement.

There are four key categories under the DISP assessment – Personnel Security, Physical Security, Information & Cyber Security and Security Governance.

Austal Australia achieved official DISP Certification Entry Level in 2021. We are working towards qualifying for DISP Level 1 Certification.

Austal USA

Austal USA's IT systems and networks are standalone from the rest of the Austal Group network systems. We also employ a team of IT security specialists with a dedicated internal IT Security Manager. AUSA undertakes regular cyber security training and educational exercises with all staff.

As a prime contractor to the US Department of Defence, Austal USA is required to comply with the National Institute of Standards and Technology SP800-171 Standard ("NIST 800-171"). NIST 800-171 is a codification of the requirements that any non-Federal computer system must follow in order to store, process, or transmit Controlled Unclassified Information or provide security protection for such systems. This document is based on the Federal Information Security Management Act of 2002 Moderate level requirements.

Austal USA developed a System Security Plan and a Plan of Action and Milestones that is in line with the NIST 800-171. In addition to these plans, compliance with NIST 800-171 requires the company to address 14 security requirement categories in the NIST 800-171. 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

Austal USA was recorded as fully compliant in an audit by the Defense Contract Management Agency in respect of NIST Standard in March 2020.
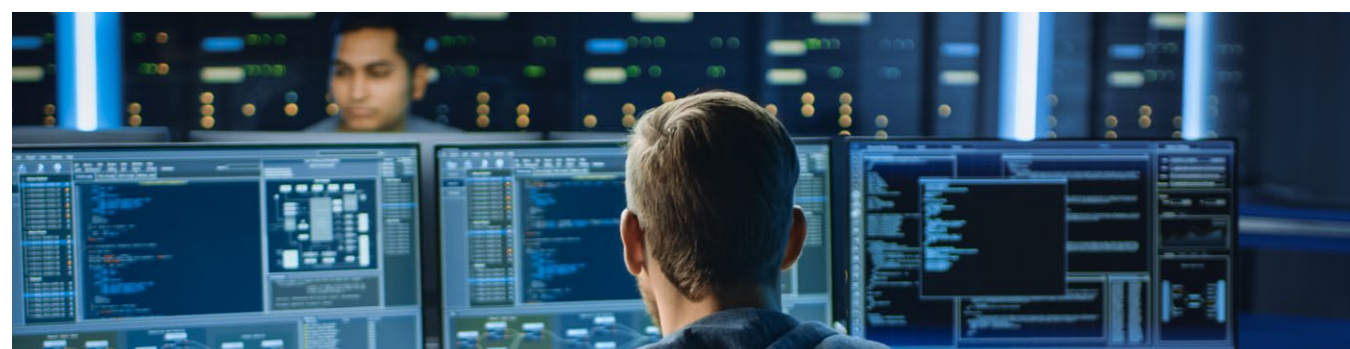
Code of Conduct

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. Under our Corporate Governance Statement, directors and employees are expected comply with Code of Conduct. Our Directors Code of Conduct is also made specifically to carry out their duties and responsibilities effectively and with integrity. The Corporate Governance Statement and Code of Conduct are reviewed periodically to ensure effectiveness.

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

Reinforcing a Culture of Compliance

Guided by our Compliance Program Charter, Austal USA made significant enhancements to its corporate compliance program this year. Our enhanced corporate compliance program is modelled on the United States Department of Justice framework which encompasses the following 7 key elements:

Standards of Conduct, Policies and Procedures

» Formulation and dissemination of a new Code of Conduct to Austal USA employees

» Code is applicable to all Austal USA employees worldwide

» Code encompasses key compliance principles as well as FAQs from a number of existing compliance and ethics policies

Communication and Education

» Discussions on compliance in staff meetings have become routine for both production and support employees

» Attendance of executives during compliance training for new hires

» Introduced compliance messaging on TVs throughout facility

Reporting and Investigating

» Code emphasizes employee obligation to report misconduct

» Began standardising reporting and investigation approach for Human Resources, Health & Safety, and Security departments

» Launch of a new third-party anonymous tip line for reporting misconduct – available 24/7 worldwide

» Austal USA has a healthy anonymous reporting culture according to industry benchmarking

Responses and Prevention

» Conducted compliance surveys

» Benchmarked compliance program against other companies

» Initiated enhancements to third-party due diligence and onboarding processes, particularly for foreign suppliers

Compliance Officer and Committee

» Appointment of a Chief Compliance Officer, Compliance Committee, and a Compliance Department

» Establishment of formal Compliance Leads within each department

» Job responsibilities added to Compliance Lead job descriptions to create commonality among Compliance Lead network

Monitoring and Auditing

» Development of baseline department compliance libraries and compliance risk registers

» Engaged Compliance Program consultant to provide recommendations for program improvements

» Engagement with new third party auditor to conduct reviews on defence contracting business systems

Enforcement and Discipline

» Employees are held accountable for wrongdoing

» Company routinely recognizes compliance successes

» Safety compliance is measurable component of employee bonus –

» Exploring ways to incorporate compliance incentives

Supply Chain Governance

At Austal, we believe suppliers are valuable stakeholders within our business supply chain and we are committed to engaging with them to build a better and more responsible future together. Guided by our Supplier Qualification Procedure, our supplier qualification process is made up of two stages:

» Supplier Qualification Forms – supplier self-assessment.

» Risk Based Assessment – Austal assessment.

All potential new suppliers must undergo an initial evaluation to ensure that they will meet the minimum requirements including environmental and social aspects. Subsequently, our suppliers will undergo a risk-based assessment to determine their suitability for qualification. We consider supplier selection criteria such as quality, price as well as environmental and social aspects. Preference is given to companies holding related ISO certificates (i.e. ISO 14001, ISO 45001) and other documents related to environmental protection and health and safety. Once qualified, suppliers can be added to our record keeping system.

Human Rights

Australasia

Our Modern Slavery Statement 2021 is guided by the Australian Government's Modern Slavery Act 2018, as well as any local requirements in Vietnam and Philippines. It sets out our approach to assessing and responding to the potential for human rights issues to be present in our business. Our ongoing approach to managing the human rights risks includes:

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

During FY22, we undertook the following activities:

» conducted continuous monitoring of the effectiveness of risk assessment tool embedded in the supplier risk assessment process.

» provided staff training on human rights topics.

» in the Philippines and Vietnam, commenced a robust assessment and evaluation of suppliers and contractors who supply Austal with products assessed in the 'High' category of our industry-specific Product Risk Assessment matrix.

» Austal Australia started a review of into Tier Two and Tier Three suppliers.

» Commenced onsite assessment and evaluation of Tier Two and Tier Three suppliers in Australia, the Philippines and Vietnam.

In FY23, we are committed to undertake the following activities:

» Continue with the supplier audits in all locations, including reactivation of physical on-site inspections of suppliers.

» Continue with staff training on human rights.

» Revise whistle-blower policy to incorporate more details on human rights abuse reporting via whistle-blower hotline (a form of grievance mechanisms).

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

» Develop a group wide human rights policy.

The United States

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

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

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

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

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

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

Whistle-blower Policy

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

The CEO is informed of all incidents reported and determines whether it is appropriate to commence an investigation. During incident investigations, an investigator is appointed to assess and examine reports. Subsequently, the investigator reports finding to the CEO. The CEO reports any material incidents to the Board.

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

Anti-bribery and Corruption Policy

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

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

We provide regular internal training on anti-corruption topics such as legislative background, definition of bribery, case studies. This year, we have delivered anti-bribery & corruption training to our Australian operations. We intend to deliver similar training to the Philippines and Vietnam in FY23. There were no breaches or litigation associated with anti-bribery and corruption brought to Austal's attention in FY22.

Product Safety

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

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

Monitoring of Product Safety

The registration of a ship plays an important role in ensuring safety and security of the ship. Registration grants the ship physical and legal protection of that flag state which may be applied to vital areas such as safety of cargo and life of those on board the ship. As per International Maritime Organization ("IMO") regulations, all ships must be surveyed in order to ensure that the ships under their registers are structurally sound and subscribe to design and safety standards. Subsequently, a classification certificate is issued which establishes a ship's seaworthiness. This certificate is required to be present on board the ship for any inspections by authorities from time to time. During the reporting year, Austal complies with all requirements of ship registration, ship classification societies requirements and associated inspections.

Share Trading Policy

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

The policy includes the following requirements:

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

» Any director intending to buy or sell shares in the Company or any company in which Austal has an interest is required to notify the Chairman or the Company Secretary of his/her intentions before proceeding with the transaction.

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

Shareholder Rights

Austal has an established investor relations program which includes:

» Analyst briefings

» Annual General Meeting

» Annual report

» Regular release of financial information

Our annual general meeting ("AGM") – which is usually held in October or November – provides shareholders with the opportunity to vote on resolutions recommended by the Board, hear directly from the Board and CEO, and ask questions of the Board.

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

Appendices
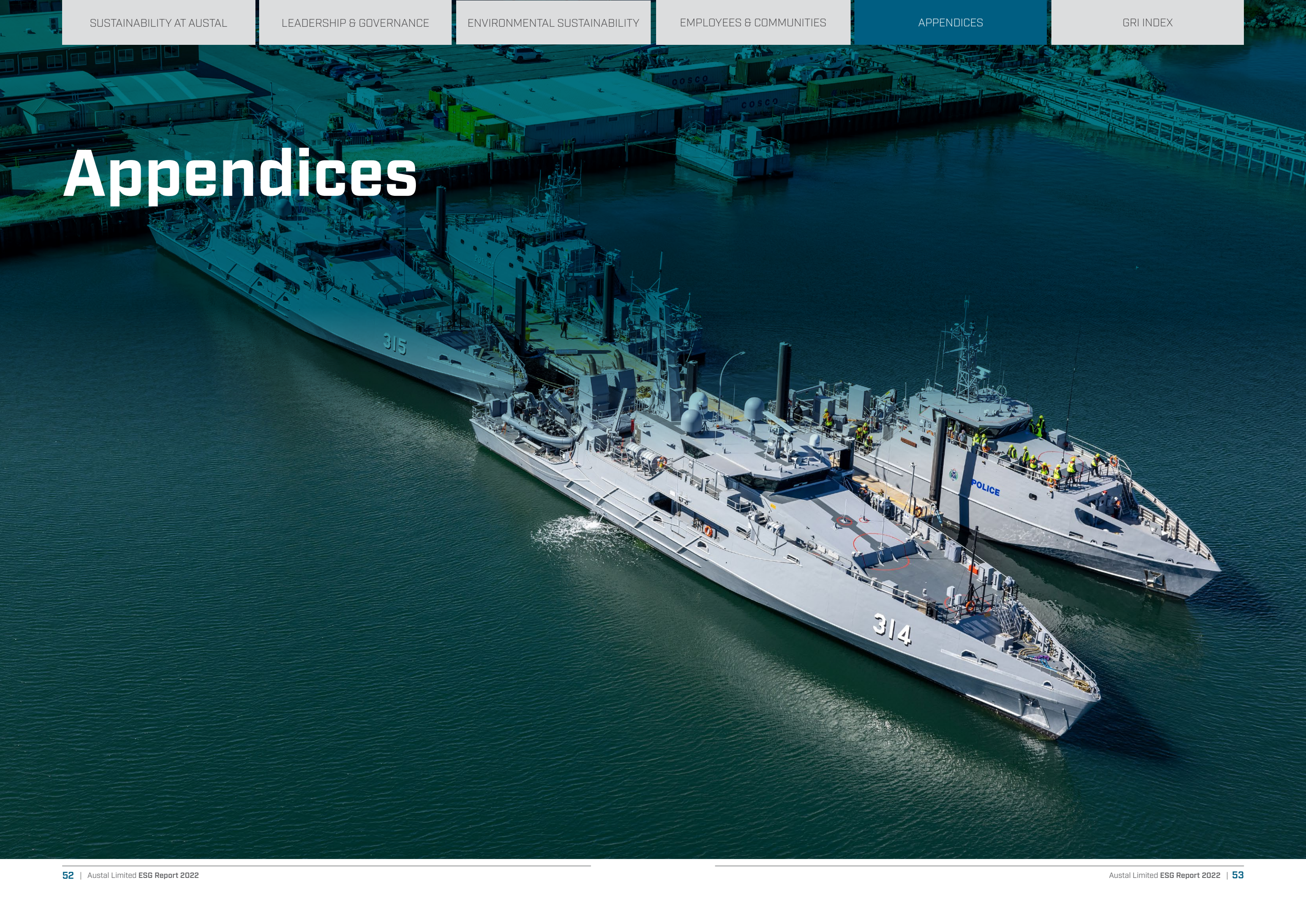
Appendices

About This Report

This report provides an overview of Austal's sustainability approach and performance from 1 July 2021 to 30 June 2022 and was approved by Austal's Board of Directors. It was prepared in accordance with the Global Reporting Initiative's Sustainability Reporting Standards: Core Option ("GRI Standards"). It covers sustainability topics most relevant to our business activities at this point in time.

The report covers Austal's shipyard operations in Australia, the United States, the Philippines and Vietnam[1] . Austal acknowledges that this report includes a focused number of disclosures for the past financial year. We are enhancing our data capture capabilities to increase the scope and breadth of disclosures as we look to deliver a more thorough overview of the material issues identified. Where we have not been able to provide relevant disclosures in this report, reasons for such omissions are included in the GRI Index table. This year, we have expanded our reporting scope[2] to align with the recommendations of Task Force on Climate-Related Financial Disclosures ("TCFD"). It is our intention to further align with TCFD and produce an assured and audited report in the long term, as we continue to enhance our data collection processes.

Austal's last ESG report 2021 was published on 4 October 2021.

Performance Data Table

	Unit	FY22
Environmental Performance		
GHG Emissions		
Scope 1		
» Total	Tonnes of CO2e	2,266
» Intensity	Tonnes of CO2e / tonnes of steel as structural weight of vessels delivered	0.52
Scope 2		
» Total	Tonnes of CO2e	15,518
» Intensity	Tonnes of CO2e / tonnes of steel as structural weight of vessels delivered	3.59
Scope 3 (Upstream)		
» Total	Tonnes of CO2e	47,849
» Intensity	Tonnes of CO2e / tonnes of steel as structural weight of vessels delivered	11.08
Scope 3 (Downstream)		
» Total	Tonnes of CO2e	2,166,860
» Intensity	Tonnes of CO2e / tonnes of steel as structural weight of vessels delivered	502
Total fuel consumption	Gigajoules	261,956
Total electricity consumption (renewable sources)	Gigajoules	5,425,308
Total electricity consumption (non-renewable sources)	Gigajoules	127,738,124,300
Water		
Total water withdrawal from surface water	Megalitres	0.36
Total water withdrawal from third-party water	Megalitres	46.23
Waste		
Total hazardous waste	Tonnes	840
Total non-hazardous waste	Tonnes	4,933
Total waste recycled	Tonnes	3,696

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

[2] Includes establishment of Sustainability Committee, disclosure of Scope 1, 2 and 3 GHG emissions and reduction targets.

	Unit	FY22	
Social Performance			
Workforce			
		Male	Female
Total employees	Number	4,381	646
By location and gender			
Australia	Number	913	147
USA	Number	2,324	337
The Philippines	Number	891	102
Vietnam	Number	253	60
By employment type and gender			
Full time	Number	4,357	629
Part time	Number	16	17
By employee category and gender			
Full time	Number	4,357	629
Part time	Number	16	17
By employee category and gender			
Senior management	Number	66	14
Middle management	Number	376	62
General	Number	3,941	568
By age group			
Under 30	Number	869	
30-50	Number	2,930	
Over 50	Number	1,228	
Employee new hires			
By location			
Australia	Number	252	
USA	Number	258	
The Philippines	Number	104	
Vietnam	Number	62	
By gender			
Male	Number	532	
Female	Number	144	
By age group			
Under 30	Number	209	
30-50	Number	377	
Over 50	Number	90	
Employee turnover			
By location			
Australia	Number	367	
USA	Number	715	
The Philippines	Number	349	
Vietnam	Number	100	

	Unit	FY22	
Social Performance			
Employee turnover (continued)			
By gender			
Male	Number	1,336	
Female	Number	195	
By age group			
Under 30	Number	349	
30-50	Number	919	
Over 50	Number	263	
Parental leave			
		Male	Female
Employees took parental leave	Number	62	19
Employees returned to work after parental leave	Number	62	14
Employees entitled to parental leave	Number	1,076	
Average training hours			
By gender			
Male	Number	8.14	
Female	Number	11.49	
By employee category			
Senior management	Number	2.63	
Management	Number	8.43	
General	Number	8.69	
Safety			
Number of fatalities from work related injury	Number	0	
Rate of fatalities from work-related injury	Rate	0	
Number of high consequence work related injuries	Number	9	
Number of recordable work related injuries	Number	86	
Number of lost time injuries	Number	39	
High-consequence work-related injuries rate	%	0.18	
Reportable injury rate[1]	%	1.70	
Lost time injuries rate[2]	%	0.77	
Number of hours worked	Number	10,130,320	

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

[2] To further align with the latest GRI requirement, the calculation method has been revised to rate per 200,000 working hours. Last year's lost time injuries rate is restated as 1.30%.

GHG emissions – methodology and assumptions

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

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

Scope 1 Emissions

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

The emissions factors from diesel combustion used for the Scope 1 estimate is taken from the Australian Government's 2021 National Greenhouse Accounts factors for fuels used for transport energy.

Sea trial emissions include the fuel burned on all sea trials conducted during the FY22 accounting period. For sea trials conducted close to the end of the accounting period where the vessel was not delivered before 30th June 2022, that vessel's Scope 3 emissions are not included in this accounting period and will be included in the following year assuming the vessels is delivered to the customer in that year. Similarly, for vessels delivered early in the accounting period some of the fuel use for sea trials will have occurred in the previous accounting year but is included in the current accounting period's Scope 1 value to align with the year of vessel delivery.

Fugitive emissions from HVAC installation include emissions from HVAC systems installed by Austal in boats delivered in FY22. 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 FY22.

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 2021 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 FY22. This includes both vessels delivered and vessels not delivered by 30 June 2022. With that, Austal's Scope 2 emissions will not be completely aligned in time period reporting with the Scope 1 and Scope 3 emissions, which are calculated for the vessels delivered in the FY22 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 FY22. 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 FY22 CO_2e accounting because this is when the finished vessel was delivered to the customer. The Scope 3 emissions associated with materials purchased in FY22 for use in vessels not delivered in FY22 are not included in the total estimated t CO_2e 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 FY22. For this reporting cycle the emissions factor associated with the production of aluminium was assumed to be the global average of 11.5 tCO_2e/tonne of aluminium as published by the Aluminium Insider in 2017. The emissions factor for steel was assumed to be 1.85 tCO_2e/tonne of steel, the global average in 2018 as published by the World Steel Association.

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

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

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

Scope 3 downstream emissions include:

» The 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. This assumption is conservative as it assumes that the vessels delivered in FY22 will continue to operate on fossil based diesel fuel for the full duration of their 25 year life without any upgrade or replacement of the power-train to lower emission fuels or electric propulsion or the use of sustainable fuels.

» Fugitive HVAC emissions during operation and maintenance of the HVAC systems during the life of the vessels. The calculated t CO_2e 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.

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.

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

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 FY21/22

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
» ISO 45001
» ISO 14001
» ISO 9001
» ISO 27001
» Perth USAsia
» The 500 Club
» The Leaders' Forum of Western Australia
» UNSW endowment scholarship
» West Australian Philippines Business Council

Austal USA

» Alabama Apprenticeship Council
» Alabama Engineering Hall of Fame
» Alabama School of Cyber and Engineering
» American Society for Naval Engineers
» American Chamber of Commerce in Singapore
» Anchor Scholarship Foundation
» Armed Forces Communications and Electronics Association
» Association for Unmanned Vehicle Systems International (AUVSI)
» Business Council of Alabama
» Coastal Alabama Partnership
» Coastal Alabama Business Chamber
» Department of Engineering, Industrial Advisory Board
» Distinguished Young Women
» Eastern Shore Chamber of Commerce
» G'Day USA Defense Forum
» Gulf Coast Diversity & Inclusion Consortium
» Gulf Shores/Orange Beach Sports Commission
» Gulf States Shipbuilders Consortium
» ISO 9001
» Manufacture Alabama
» Mobile Area Council of Engineers
» Mobile Chamber of Commerce: Austal USA is a member of the DEI council
» Mobile Black Chamber of Commerce
» Mobile Chamber of Commerce
» NAACP, Mobile Chapter
» National City Chamber of Commerce
» National Defense Industrial Association
» Navy League of the United States
» Navy Safe Harbor Golf Tournament
» Padre's Foundation
» Pepper Park in National City
» Port of San Diego Ship Repair Association
» Propeller Club of Mobile
» San Diego Military Advisory Council

» San Diego Regional Chamber of Commerce
» San Diego Working Waterfront (San Diego Port Tenants Association)
» Shipbuilder's Council of America
» Society of Naval Architects and Marine Engineers
» Surface Navy Association
» SouthWest Mobile County Chamber of Commerce
» State of Alabama – Ala. Industrial Development Training
» U.S. Coast Guard Foundation – Mobile Chapter
» U.S. Coast Guard Foundation, Washington, D.C.
» U.S. Naval Institute

Philippines

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

Vietnam

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

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	Notes
Organisational profile					
GRI 102: General Disclosures 2016	102-1	Name of the organisation	About Austal	6	
	102-2	Activities, brands, products, and services	About Austal	6	
	102-3	Location of headquarters	About Austal	6	
	102-4	Location of operations	About Austal	6	
	102-5	Ownership and legal form	About Austal	6	
	102-6	Markets served	About Austal	6	
	102-7	Scale of the organisation	About Austal; Employees and communities - Employees	6, 28	Information related to financial performance (net revenue) and quantity of products/ services provided is available in Austal's annual report.
	102-8	Information on employees	Employees and communities - Employees	28	In this reporting cycle, information related to employees are provided at a global level, without regional split.
	102-9	Supply chain	Governance & Business Ethics – Risk Management at Austal, Supply Chain Governance – Human Rights; Environmental Sustainability	44, 48, 18	
	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 – the Austal Values; Governance & Business Ethics – Governance Structure, Risk Management at Austal; Environmental Sustainability – Our Approach to Environmental Sustainability	8, 44, 18	
	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	54, 60	
	102-13	Memberships or associations	Appendix - Industry associations and not-for-profit group membership	60	

GRI Standard	Disclosure reference	Disclosure title	Location*	Page	Notes
	102-14	Statement from senior decision-maker	Letter from the CEO	4	
	102-15	Key Impacts, Risks and Opportunities	Sustainability at Austal – Megatrends Affecting the Shipbuilding Industry; Austal's Response to Megatrends	12, 13	
Values and ethical conduct					
	102-16	Values, principles, standards, and norms of behavior	Sustainability at Austal – The Austal Values, Governance & Business Ethics – Code of Conduct, Whistleblower Policy, Antibribery and Corruption Policy	8, 46, 49	
Governance					
	102-18	Governance structure	Governance & Business Ethics – Sustainability Governance	44	
	102-29	Identifying and managing economic, environmental, and social impacts	Governance & Business Ethics – Sustainability Governance	44	
	102-31	Review of economic, environmental, and social topics	Governance & Business Ethics – Sustainability Governance	44	
	102-32	Highest governance body's role in sustainability reporting	About this Report	54	
	205-3	Confirmed incidents of corruption and actions taken	Governance & Business Ethics – Anti-bribery and Corruption Policy	49	
Stakeholder Engagement					
	102-40	List of stakeholder groups	Sustainability at Austal – Stakeholder Engagement	14	
	102-41	Collective bargaining agreements	See notes		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.
	102-42	Identifying and selecting stakeholders	Sustainability at Austal – Stakeholder Engagement	14	Limited stakeholder engagement was conducted for this reporting period as Austal is developing stakeholder engagement practices for ESG reporting.

GRI Standard	Disclosure reference	Disclosure title	Location*	Page	Notes
	102-43	Approach to stakeholder engagement	Sustainability at Austal – Stakeholder Engagement	14	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.
Reporting Practice					
	102-45	Entities included in the consolidated financial statements	Governance & Business Ethics – Governance Structure	44	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)
	102-46	Defining report content and topic boundaries	Sustainability at Austal – Materiality Assessment, Stakeholder Engagement	15, 14	
	102-47	List of material topics	Sustainability at Austal – Materiality Assessment	15	
	102-48	Restatement of information	Not Applicable		No restatement of information is included in this report.
	102-49	Changes in reporting	Not Applicable		No significant changes from previous reporting periods in the list of material topics and topic boundaries.
	102-50	Reporting period	About this Report	54	
	102-51	Date of most recent report	About this Report	54	
	102-52	Reporting cycle	About this Report	54	
	102-53	Contact point for questions regarding the report	GRI Index	62	Email address: info@austal.com
	102-54	Claims of reporting in accordance with the GRI Standards	About this Report	54	
	102-55	GRI content index	GRI Index	62	
	102-56	External assurance	About this Report	54	The report has not been externally assured.

GRI Standard	Disclosure reference	Disclosure title	Location*	Page	Notes
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	18, 58	
	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		
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Environmental Sustainability – Greenhouse Gas Emissions; Appendix – GHG Emissions -Methodology and Assumptions; Data Performance Table	18, 58, 55	
	305-2	Energy indirect (Scope 2) GHG emissions			
	305-3	Other indirect (Scope 3) GHG emissions			
Energy					
	103-1	Explanation of the material topic and its Boundary	Environmental Sustainability – Greenhouse Gas Emissions	18	
	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		
GRI 302: Energy	302-1	Energy consumption within the organisation	Performance Data Table	55	
Water and effluents					
	103-1	Explanation of the material topic and its Boundary	Environmental Sustainability – Water Management	24	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach	Information Unavailable		
GRI 303: Water and effluents	303-1	Interactions with water as a shared resource	Environmental Sustainability - Water Management	24	
	303-2	Management of water discharge related impacts			
	303-3	Water withdrawal	Performance Data Table	55	

GRI Standard	Disclosure reference	Disclosure title	Location*	Page	Omission
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	Environmental Sustainability – Materials Used	24	
	103-2	The management approach and its components	Environmental Sustainability – Materials Used	24	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			
	301-3	Reclaimed products and their packaging materials			
Environmental compliance					
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	See notes		Austal complies with local environmental laws and regulations. There have been no fines or sanctions
GRI 400: Social					
Employment					
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	Employees and communities	28	
	103-2	The management approach and its components	Employees and communities	28	
	103-3	Evaluation of the management approach	Employees and communities	28	
GRI 401: Employment	401-1	New employee hires and employee turnover	Performance Data Table	55	
	401-2	Benefits provided to full-time employees that are not provided	Employees and Communities - Employees	28	Distinction between benefits for full-time vs. part-time employees unavailable.

GRI Standard	Disclosure reference	Disclosure title	Location*	Page	Omission
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	35	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 403: Occupational health and safety	403-1	Occupational health and safety management system			
	403-2	Hazard identification, risk assessment, and incident investigation			
	403-4	Worker participation, consultation, and communication on occupational health and safety			
	403-5	Worker training on occupational health and safety			
	403-9	Work-related injuries			
	403-10	Work-related ill health			
Training and education					
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	Employees and communities – Training and education	32	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 404: Training and education	404-2	Programs for upgrading employee skills and transition assistance programs			

GRI Standard	Disclosure reference	Disclosure title	Location*	Page	Omission
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	30	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 405: Diversity and inclusion	405-1	Diversity of governance bodies and employees	Employees and communities – Diversity and equal opportunity; Governance & Business Ethics – Governance structure	30, 44	
Local communities					
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	Employees and communities – our community and partners	38	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 413: Local communities	413-1	Operations with local community engagement, impact assessments, and development programs			

For questions regarding
Austal's 2022 ESG Report,
please contact:
info@austal.com

Tel: +61 8 9410 1111

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