



**JOINT MODERN SLAVERY STATEMENT – 30 August 2023**

*This joint statement on modern slavery is presented by Austal Limited and its subsidiary entities as identified in this statement (together ‘Austal’) in accordance with s16 of the Modern Slavery Act 2018 (Cth)*

**1. Introduction**

The term ‘modern slavery’ covers a range of exploitative practices including human trafficking, slavery, forced labour, child labour, removal of organs and slavery-like practices.

The Australian Federal Government’s passing of the Modern Slavery Act 2018 (Cth) (**The Act**) requires Austal to report annually on the risks of modern slavery in its operations and supply chains, the actions Austal has taken to assess and address those risks, and the effectiveness of Austal’s response.

The information presented in this statement covers the actions and responses undertaken by Austal in the FY23 reporting period.

**2. Austal’s structure, business and suppliers**

***Austal’s business***




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

Now in its 35<sup>th</sup> year, Austal has designed, constructed, and supported defence and commercial vessels for the world’s leading operators.

Austal’s global headquarters are in Henderson, Western Australia, where we began operations in 1988. The company is listed on the Australian Stock Exchange and trades under the ASX code “ASB”.

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 one of the world’s leading integrated designer-builders of naval and commercial vessels, in both steel and aluminium. Austal has successfully designed, constructed and delivered monohull, catamaran, and trimaran commercial vessel platforms, including the world’s largest trimaran ferry and multiple defence programs, such as the Littoral Combat Ship and Expeditionary Fast Transport for the United States Navy. Austal is the only foreign-owned prime contractor designing, constructing and sustaining ships for the US Navy.

<p style="text-align: center;"><b>SHIPS</b></p> 	<p style="text-align: center;"><b>SYSTEMS</b></p> 	<p style="text-align: center;"><b>SUPPORT</b></p> 
<p>Development of defence and commercial vessel platforms.</p> <p>Product range includes vehicle passenger ferries, patrol boats, high speed support vessels, surface combatants and revolutionary, multi-role vessels.</p>	<p>Development and integration of vessel control and information management systems, such as MARINELINK, MARINELINK-Smart, Austal Motion Control and Lifecycle Upkeep Sustainment Intelligence (“LUSI”).</p>	<p>Maritime support services, including crew training and instruction, vessels support and servicing, logistics support and information management systems support.</p>

### ***Austal and its Operational Subsidiaries***

Austal Limited (ACN 009 250 266) is a publicly listed company on the Australian Stock Exchange (ASX). Austal Limited is the parent company of subsidiaries which operate around the world.

#### **Australasia**

This joint modern slavery statement is presented by Austal Limited and the following 100% owned operational subsidiaries of Austal:

Austal Ships Pty Ltd (ACN 079 160 679)  
Austal Cairns Pty Ltd (ACN 153 468 627)  
Austal Brisbane Pty Ltd (104 531 991)  
Austal Philippines Pty Ltd (ACN 079 160 651)  
Austal Holdings Vietnam Pty Ltd (ACN 624 726 674)

(together '**Austal Australasia**')

Each of the above-mentioned entities meet are classed as reporting entities in their own right under the Act.

#### **United States of America**

This modern slavery statement is not intended to cover any of Austal's USA operations, as those entities are subject to separate reporting requirements and the USA supply chain is controlled and operated by Austal USA LLC (**Austal USA**). Austal USA has adopted the US Government's prohibition against trafficking in persons as set forth in FAR 52.222-50 as its Anti-Trafficking Policy.

The Anti-Trafficking Policy, along with the Anti-Trafficking Compliance Plan, ensures that:

- Austal employees are aware of the US Government's anti-trafficking prohibitions under applicable laws and regulations;
- the consequences which may result from engaging in trafficking-related activities;
- Austal's fair recruitment, wage, and housing practices; and
- Austal's procedures for preventing employees, agents, subcontractors, subcontractor employees, and their agents from engaging in trafficking-related activities.

### ***Austal's Suppliers***

Austal's supplier base ranges from supplies providing critical and complex products and services, to those that are non-critical and simple. Austal's critical suppliers provide the materials and highly specialised equipment to be incorporated into Austal's vessels, including aluminium, engines and waterjets.

Most of Austal's critical suppliers have head offices in countries where national laws and internationally accepted principles in respect of human rights, labour, anti-corruption and the environment are recognised and adhered to. Most of Austal's major equipment (highly engineered & specialized) is procured through Australian distributors for whom the original equipment manufacturers (OEMs) are located or based in European countries who have ratified the International Labour Organisation's *Protocol of 2014 to the Forced Labour Convention, 1930*. Those critical suppliers are also required to report on their own supply chains under relevant thresholds of the Australian and UK Modern Slavery legislation.

### 3. Risks of modern slavery in Austal supply chains

Austal's supply chain operations are structured to provide efficient and centralised procurement governance to Austal Australasia. The Austal Australasia supply chain is led by the Australian Supply Chain department operating under Austal Ships Pty Ltd. In addition to being charged with the procurement of goods from critical suppliers, the Australian operations provide guidance and support to the localised procurement departments in both the Philippines and Vietnam.

With entities operating in different areas of the world, Austal initiates the assessment of the risks of modern slavery within its supply chains to focus on risks on a geographic basis, as well as a product basis.

Modern Slavery risks are assessed as part of our Supplier Qualification process, and periodically under our Supplier Audit Program.. Austal uses various methods to gauge and assess modern slavey risks, which can be divided into two categories:

- **Internal assessment:** We use publicly available research and reports to determine high risk areas within its supply chain.
- **Self-reported:** We work collaboratively with suppliers to identify and mitigate risks.

#### *Geographical Risk Assessment*

Austal's operations in the Philippines and Vietnam have a higher risk exposure to those in Australia and China, with data from the Global Slavery Index indicating that there is an estimated prevalence of 7.7 modern slavery victims per 1,000 people in the Philippines, and 4.5 victims per 1,000 in Vietnam. Whilst Austal takes steps to ensure that its direct employees and suppliers are not affected by modern slavery practices, Austal is cognisant of the possible existence of forced labour practices by local suppliers in these regions.

The modern slavey risk landscape is continually changing, which requires an adaptable approach to modern slavery management. Certain regions that have been consistently identified as having higher risks of modern slavery and human trafficking. Austal places a strong emphasis on thorough due diligence while evaluating suppliers in specific regions. We refrain from partnering with suppliers in areas where the assessment indicates potential risks. Some of these regions include:

- **Southeast Asia:** Countries like Thailand, Cambodia, Myanmar, and Vietnam have been reported to have significant issues related to forced labour, human trafficking, and exploitative practices.
- **Sub-Saharan Africa:** Countries in this region, including Mauritania, Sudan, Eritrea, and Nigeria, often struggle with issues such as forced labour, child labour, and human trafficking.
- **Middle East:** Countries like Qatar, Saudi Arabia, and the United Arab Emirates have faced scrutiny for their treatment of migrant workers, particularly in industries like construction and domestic work.
- **South Asia:** India, Bangladesh, and Pakistan are known to have high incidents of bonded labour, child labour, and exploitative practices in various sectors.
- **Central Asia:** Countries like Uzbekistan and Turkmenistan have faced concerns over forced labour in their cotton industries.
- **Eastern Europe:** Countries in Eastern Europe, such as Ukraine and Moldova, have seen instances of trafficking for both labour and sexual exploitation.

Austal assesses the location of direct suppliers (i.e. the contracting entity) and the location of the significant manufacturing activity in accordance with the following matrix:

<b>Low</b>	Suppliers/manufacturers registered and operating in countries that have legislative requirements enforcing minimum standards to prevent modern slavery shall be considered Low Risk.
<b>Medium</b>	Suppliers/manufacturers registered and operating in countries that have legislative requirements pending and have demonstrated a social awareness to prohibit modern slavery shall be considered Medium Risk
<b>High</b>	Suppliers/manufacturers registered and operating in countries that do not have legislative requirements pending shall be considered High Risk
<b>Critical</b>	Suppliers/manufacturers registered and operating in countries that have no legislative requirements and have more than 8 modern slavery victims per 1,000 <sup>1</sup> , based on the Global Slavery Index shall be considered Critical Risk

**Product Risk Assessment**

Product Risk assessment is undertaken in accordance with the following matrix:

<b>Low</b>	Highly engineered products requiring complex processes and/or production skill shall be considered Low Risk.
<b>Medium</b>	Products that are simple to produce, but not from known high risk supply chains shall be considered Medium Risk
<b>High</b>	Products from known high risk supply chains such as textiles and global produce shall be considered High Risk

Austal will continue to refine the criteria for both geographical and product risk assessment as its knowledge of suppliers and the risks in these areas develops.

Austal remains conscious that there may be some areas of Austal’s supply chain that are low spend but may also be very high risk (for example, the textiles industry). Austal remains cognisant that a level of intuitive oversight should be applied when undertaking the risk assessments and that there can be other factors which influence whether inherent risks in particular areas of Austal’s supply chain exist. To bolster Austal’s supplier risk assessment, Austal has developed an in-house supplier on-boarding tool.

#### **4. Actions taken by Austal to assess and address modern slavery risks**

Austal recognises that the process of assessing and addressing modern slavery within all of its supply chains is a complex and ongoing task.

##### ***Actions undertaken during FY23***

During FY23, Austal's ongoing approach to managing the risk of modern slavery included:

- assessing all new suppliers for modern slavery risk and their approach to modern slavery within their supply chains prior to onboarding those suppliers;
- undertaking robust assessment and evaluation of suppliers and contractors who supply the Company with products assessed in the 'High' category of our Product Risk Assessment matrix. High risk areas were identified as those products and suppliers relating to cleaning, clothing (including personal protective equipment), IT equipment, logistics, and waste operations; and
- capturing suppliers identified as potentially high risk on a risk register.

##### ***Focus for FY24***

Looking forward to FY24, Austal intends to undertake the following activities to enhance its assessment and remediation of modern slavery risks:

- Developing the awareness of modern slavery and the capability of detecting modern slavery within their own supply chains of suppliers that are critical to our business;
- Developing collaboration and consolidated sourcing for all Austal entities globally;
- Reinvigorating modern slavery training across the business, providing our people with the awareness and education to recognise and report suspected modern slavery issues;
- Incorporating modern slavery reporting regimes for suppliers to embed within their supply chains;
- Updating contracts with suppliers to incorporate modern slavery conformance and reporting, including Austal's right to audit; and
- Continuous monitoring of suppliers through the use of ESG monitoring agencies.

#### **5. How Austal is assessing the effectiveness of the actions it is taking**

Austal has introduced a regular supplier review process where it is able to analyse trend data for any patterns of increased risk. Peer to peer reviews are conducted at the biannual procurement summits for the Austal Australasia entities.

In the regular assessment of staff competency, an assessment of modern slavery understanding will be included. Observation of the effectiveness of training will occur through this process.

It is Austal's aim to implement a standalone policy on modern slavery which will clearly document how Austal will respond to a modern slavery exposure, including actions that can be taken by our employees and associates if they detect evidence of modern slavery in Austal's immediate resources and wider supply chain.

## 6. Consultation with subsidiary entities

Austal Australasia (the subsidiary entities to which this joint statement applies) has been consulted and informed of the reporting requirements of the Act. The Australian supply chain (operated by Austal Ships Pty Ltd) governs and supports the majority of the procurement in Australia, the Philippines and Vietnam, particularly in respect of the engagement of Tier One suppliers.

The Australian supply chain will continue to support and guide the operations in the Philippines and Vietnam. The actions undertaken by Austal outlined at Section 4 of this statement demonstrate the consultation that has been undertaken between relevant subsidiaries.

## 7. Conclusion

Austal recognises that tackling modern slavery requires a continuing commitment. In FY24 Austal will continue to collaborate with internal and external stakeholders to address modern slavery risks, as well as strengthening the group's ability to ensure modern slavery risks are notified and acted upon.

This modern slavery statement was approved and endorsed by the Austal Limited Board of Directors on 30 August 2023.

A handwritten signature in black ink, appearing to read "John Rothwell", written over a horizontal line.

**John Rothwell**

Chairman and Director of Austal Limited  
Director of Austal Ships Pty Ltd  
Director of Austal Cairns Pty Ltd  
Director of Austal Brisbane Pty Ltd  
Director of Austal Philippines Pty Ltd  
Director of Austal Holdings Vietnam Pty Ltd