

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

AUSTAL LIMITED

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	1/8
2. Internal Controls	6	3/12
3. Support to Employees	7	3/14
4. Conflict of Interest	4	2/8
5. Customer Engagement	7	1/14
6. Supply Chain Management	5	3/10
7. Agents, Intermediaries and Joint Ventures	10	0/20
8. Offsets	4	0/8
9. High Risk Markets	4	2/8
10. State-Owned Enterprises	0	N/A
TOTAL		15/102
BAND		F

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
0
Comments
There is evidence that the company makes a general commitment to ethical standards. However, there is no evidence that the company directly addresses anti-bribery and corruption in this commitment, nor is there evidence that this statement is authorised or supported by a senior figure within the organisation.
Evidence
<p>[1] Corporate Governance Statement – 2019 (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e</p> <p>[p.1] Austal Limited (the Company), its Board of Directors (the Board) and senior management are committed to the best practices of corporate governance, ethical standards, corporate social responsibility and risk management.</p> <p>[p.9] 3.1 Ethical standards and performance The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all Directors, managers and employees of the Austal Group.</p>

Question
<p>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</p> <p>a) All employees, including staff and leadership of subsidiaries and other controlled entities; b) All board members, including non-executive directors.</p>
Score
0
Comments
<p>Based on publicly available information, there is no evidence that the company has a comprehensive anti-bribery and corruption policy that applies to all employees. The company indicates that it has a Code of Conduct as well as specific anti-corruption and whistleblowing policies, however these policies do not appear to be available in the public domain.</p>
Evidence
<p>[1] Corporate Governance Statement – 2019 (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e [p.10] The Company also has a general Code of Conduct that was updated in August 2016 and applies to all employees across the Austal Group. A summary of the Code of Conduct is published on the Company's website.</p> <p>The Company has a comprehensive whistleblowing policy which encourages all employees to speak out if they have concerns about any activity, breach of law, breach of Code of Conduct, dangers to the public and any concealment of information. The Company's policy is managed by an independent third party and is designed to make it easy for all colleagues to speak up and report anonymously without any risk to their employment or suffering any form of retribution.</p> <p>The Company's Code of Conduct, Anti-bribery and Corruption and Whistle-blower Protection policies promote ethical and responsible decision-making by Directors and employees, who certify on commencing employment that they understand and comply with these policies.</p>

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
1
Comments
<p>There is some evidence that the company's board and a board-level committee – the Audit and Risk Management Committee – oversee the company's compliance programme. There is evidence to suggest that the bodies engage in formal oversight functions, such as reviewing reports from management.</p> <p>However, the company scores '1' because there is no publicly available evidence to indicate that this includes oversight of its anti-bribery and corruption activities specifically. There is also no evidence that either the board or the Audit and Risk Management Committee reviews the results of internal and external audits of the anti-bribery and corruption programme.</p>
Evidence
<p>[1] Corporate Governance Statement – 2019 (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e</p> <p>[p.2] In accordance with the Company's constitution, the Board gives direction and exercises judgment in setting the Company's objectives and overseeing their implementation. The Board's functions are set out on the 'Corporate Governance' section on the Company's website and include:</p> <ul style="list-style-type: none"> • adopting a strategic plan for the Company, including general and specific goals and reviewing actual results against that plan, which is aimed at meeting stakeholders' objectives and managing business risk. • Establishing and maintaining policies directed to ensuring that the Company complies with the law and conforms to the highest standards of financial and ethical behaviour. • Reviewing the Company's reporting systems and internal controls (both operational and financial) together with appropriate monitoring of compliance activities to determine these systems and controls are adequate and appropriate. <p>[...]</p> <p>1.2 Functions of management</p> <p>[p.3] Risk and compliance</p> <ul style="list-style-type: none"> • Develop and maintain the Group's risk management systems, including internal compliance and control mechanisms • Demonstrate to the Board that the risk management systems are working effectively <p>[2] Principle 1: Lay solid foundations for management and oversight (Webpage) Accessed 30/10/2019 http://investor.austal.com/principle-1-lay-solid-foundations-management-and-oversight</p> <p>The Board gives direction and exercises judgement in setting the Company's objectives and overseeing their implementation. The responsibility for the operation and administration of the Company is delegated by the Board to the CEO and the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the executive management team.</p> <p>The Board's functions include:</p> <ul style="list-style-type: none"> • adopting a Strategic Plan for the Company, including general and specific goals and comparing actual results with the Plan, designed to meet stakeholders' needs and manage business risk <p>[...]</p> <ul style="list-style-type: none"> • establishing and monitoring policies directed to ensuring that the Company complies with the law and conforms to the highest standards of financial and ethical behaviour • determining that the Company has instituted adequate reporting systems and internal controls (both operational and financial) together with appropriate monitoring of compliance activities <p>[...]</p>

- ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored

[3] Audit and Risk Management Committee Charter (Document)

Accessed 30/10/2019

<http://investor.austal.com/static-files/f6a0570a-3c6d-4a4c-bd90-b00d153349ef>

[p.3] • to review compliance with the Company's published policies and codes of conduct, the laws and regulations in the jurisdictions in which the Company operates and the results of management's investigations into any apparent breaches of these obligations. The Committee will obtain updates from management regarding compliance matters, and will ensure it is satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;

Question
1.4. Is responsibility for implementing and managing the company's anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company's programme?
Score
0
Comments
There is no evidence that a specific senior individual or managerial-level employee has ultimate responsibility for implementing and managing the company's anti-bribery and corruption programme.
Evidence
No evidence found.

2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
1
Comments
<p>There is evidence that the company has a formal risk assessment procedure, which is used to inform the its compliance programme. The company indicates that its board of directors reviews the effectiveness of the company's risk management and compliance procedures on an annual basis.</p> <p>The company scores '1' because there is no clear evidence that it assesses bribery and corruption risks as part of its risk management procedures. It is also not clear from publicly available evidence whether the findings of compliance reviews are used to develop tailored mitigation plans and to update specific parts of the company's anti-bribery and corruption programme.</p>
Evidence
<p>[1] Corporate Governance Statement – 2019 (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e [p.13] 7.1 Risk management and internal control The Board shapes and oversees the Company's risk appetite and reviews internal processes and procedures to satisfy itself that management has developed and implemented a thorough system of risk management and internal control. The Board has delegated the specific responsibility of overseeing the Company's risk profile and management to the Audit & Risk Committee. The Audit & Risk Committee is described in more detail in the discussion of Principle 2 above.</p> <p>The Audit & Risk Committee charter provides that among other things, the Committee is responsible for:</p> <ul style="list-style-type: none"> ensuring that appropriate systems and procedures are in place to identify, monitor and mitigate the Company's operational and financial risks. Reviewing management's internal control programmes, processes and policies which deal with the company's reporting systems. <p>In carrying out its risk management duties, the Audit & Risk Committee is entitled to seek any information it considers appropriate from any employee or any external party; require any employee to attend its meetings and obtain legal or other professional advice at the cost of the Company.</p> <p>The Committee will, if necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.</p> <p>A fundamental objective of management, overseen by the Board, 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 in their roles in managing risk.</p> <p>[4] Principle 7: Recognise and Manage Risk (Webpage) Accessed 30/10/2019 http://investor.austal.com/principle-7-recognise-and-manage-risk Risk Management and Internal Compliance and Control The Board determines the Company's 'risk profile' and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:</p> <ul style="list-style-type: none"> continuously identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls

- monitoring the performance, and continuously improving the effectiveness, of risk management systems and internal compliance and controls.

The risk management program addresses risks under the following categories:

- business risks inherent to the shipbuilding industry
- operating risks associated with sales, design and production
- financial risks
- specific vessel risks

The Board oversees an annual assessment of the effectiveness of risk management and internal compliance and control.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to assess risk management and associated internal compliance and control procedures and report back on the efficiency and effectiveness of risk management.

Question
2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?
Score
1
Comments
<p>There is some evidence that the company's compliance programme is subject to audit to ensure that its procedures are in line with relevant regulatory requirements and good practice standards.</p> <p>However, the company receives a score of '1' because there is no clear evidence that such reviews cover the whole anti-corruption or compliance programme, nor does the company provide clear information on the frequency of such reviews.</p>
Evidence
<p>[3] Audit and Risk Management Committee Charter (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/f6a0570a-3c6d-4a4c-bd90-b00d153349ef</p> <p>[p.2] Internal audit & risk management:</p> <ul style="list-style-type: none"> • to ensure that appropriate systems and procedures are in place to identify, monitor and mitigate the Company's operational and financial risks; • to review management's internal control programmes, processes and policies which deal with the company's accounting and financial reporting systems; • to review any relevant changes in accounting policies or practices and the impact of those changes on the financial accounts of the Company; • to review significant accruals, provisions and estimates or other issues which are subject to judgment and affect the financial accounts (for example those involving valuation of assets and liabilities; warranty, product or environmental liability; litigation and other commitments and contingencies); <p>Compliance/Corporate governance:</p> <p>[p.3] • to review compliance with the Company's published policies and codes of conduct, the laws and regulations in the jurisdictions in which the Company operates and the results of management's investigations into any apparent breaches of these obligations. The Committee will obtain updates from management regarding compliance matters, and will ensure it is satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;</p> <p>[1] Corporate Governance Statement – 2019 (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e</p> <p>[p.11] The Audit & Risk Management Committee's functions are described in its charter, which is reviewed annually and updated as required, and published on the Company's website.</p> <p>They include:</p> <ul style="list-style-type: none"> • reviewing the Company's financial reporting processes to ensure the integrity, accuracy and timeliness of the Company's financial accounts; • reviewing the internal controls, policies and procedures the Company uses to identify and manage business risks; • reviewing and shaping the policies and procedures for ensuring compliance with relevant regulatory and legal requirements, and good corporate governance practice; • ensuring compliance with statutory reporting responsibilities; • assessing the effectiveness of the management of business risk and reliability of management reporting; and • reporting any significant deficiencies in the above to the Board

Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
1
Comments
<p>There is evidence that the company has a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels. The company's Whistleblower Protection Policy outlines the whole investigation process from receipt to final outcome and there is a commitment to providing whistleblowers with updates on the outcome of investigations. There is also evidence indicating that information on each investigation is appropriately documented.</p> <p>However, the company receives a score of '1' because there is no evidence that a central body reviews summary information on investigations on a regular basis. It is also not clear that investigations are handled by an independent team and/or report to an independent board member.</p>
Evidence
<p>[15] Whistleblower Protection Policy Accessed 10/04/2020 http://investor.austal.com/static-files/2d2b7da7-0ee8-4062-b116-85cf0388c617</p> <p>[p.5] Reportable Conduct covered by this policy includes, but is not limited to, any serious misconduct by Austal or an Austal person which:</p> <ul style="list-style-type: none"> • is fraudulent or corrupt, including bribery or other activity in breach of Austal's antibribery policy; • is illegal activity, such as theft, drug sale or use, violence, criminal damage to property or other breaches of state or federal law; • is unethical, such as dishonestly altering company records or data, adopting questionable accounting practices or wilfully breaching Austal's Code of Conduct; <p>[p.6] 3.2 What happens when I contact the Helpline?</p> <p>Where an Austal person contacts the Helpline to report suspected Reportable Conduct, they will have the option of either identifying themselves or remaining anonymous. They may either:</p> <ul style="list-style-type: none"> • identify themselves to the Helpline and consent to their identity being disclosed to Austal; • identify themselves only to the Helpline but not to Austal; or • choose to remain anonymous to both the Helpline and Austal. <p>The Helpline operator will make a record of all of the relevant information provided by the Austal person. As with named reporting, to allow Austal to investigate the issue it is important that anonymous reports include sufficient information in relation to the alleged Reportable Conduct.</p> <p>The Helpline will refer the matter, along with the information provided by the Austal person, to Austal's Chief Executive Officer and/or his/her delegate who will determine whether it is appropriate to commence an investigation, which will be conducted in accordance with the confidentiality requirements and protections set out below.</p> <p>[p.7] INVESTIGATING REPORTS OF REPORTABLE CONDUCT</p> <p>Who investigates a report?</p> <p>All reports of suspected Reportable Conduct made to a Recipient (including received from the Helpline) will be recorded. An appropriate investigator (or investigators) will be appointed to assess and investigate the report. An investigator will likely be one of the following people or their delegates:</p> <ul style="list-style-type: none"> • the General Counsel; and/or • the Head of Human Resources <p>A person will only be asked to investigate a matter if they can do so in an impartial manner.</p>

In certain circumstances (for example where the report involves allegations of fraud) the Chief Executive Officer or his/her delegate may decide to appoint external investigators.

Where a report of suspected Reportable Conduct relates to a significant matter involving the Chief Executive Officer or a senior executive that reports directly to the Chief Executive Officer, the matter will be referred directly to the Chair of the Board Audit & Risk Committee.

4.2 How is an investigation carried out?

The person appointed to investigate the report will be required to follow normal Austal procedures for handling a complaint or disciplinary issue. This would generally involve:

- undertaking a fair, independent and discreet investigation into the substance of the report to determine whether there is evidence to support the matters raised;
- respecting individual confidentiality and protecting the identity of the reporter (see Section 5 for further information);
- collecting all available data and verifying the reported information;
- in order to observe the rules of procedural fairness, interviewing any relevant person to understand their perspective;
- proceeding with due care and appropriate speed; and
- consulting or informing employee representative bodies as required.

Whenever a report of suspected Reportable Conduct mentions or relates to any Austal employees, Austal is committed to treating those employees fairly, as appropriate in the circumstances, including by following the processes set out above.

4.3 What happens after an investigation? At the end of the investigation, the investigator(s) will report their findings to the Chief Executive Officer. The investigation findings will be reviewed, independently of the investigator(s), to determine an appropriate response, which may include rectifying any Reportable Conduct and taking any action required to prevent any future occurrences of the same or similar conduct.

The identity of the Austal person who reported the Reportable Conduct will be redacted from any written investigation reports unless they have consented to disclosure of their identity.

[p.8] Where issues of discipline arise, the disciplinary process will also be in line with Austal's procedures for disciplinary matters. Where allegations of Reportable Conduct made against a person cannot be substantiated, that person will be advised accordingly and will be entitled to continue in their role as if the allegations had not been made.

4.4 What if I have been involved?

A person who has committed or been involved in Reportable Conduct will not be immune from disciplinary action merely because they have reported the Reportable Conduct in accordance with this policy. However, the person's conduct in making the report is likely to be taken into account in determining what disciplinary action is appropriate.

4.5 Will I be kept informed?

Once the matter is finalised, a verbal report will be made to the Austal person who disclosed the matter. This report will explain the findings and actions taken to the fullest extent possible within commercial, legal and confidentiality constraints. Where the Austal person who initiated the matter chooses to remain anonymous, alternative arrangements may be made for providing a verbal report of the outcome of the investigation to that person, where possible.

[1] Corporate Governance Statement – 2019 (Document)

Accessed 30/10/2019

<http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e>

[p.10] The Company has a comprehensive whistleblowing policy which encourages all employees to speak out if they have concerns about any activity, breach of law, breach of Code of Conduct, dangers to the public and any concealment of information. The Company's policy is managed by an independent third party and is designed to make it easy for all colleagues to speak up and report anonymously without any risk to their employment or suffering any form of retribution.

The Company's Code of Conduct, Anti-bribery and Corruption and Whistle-blower Protection policies promote ethical and responsible decision-making by Directors and employees, who certify on commencing employment that they understand and comply with these policies.

7.1 Risk management and internal control

The Board shapes and oversees the Company's risk appetite and reviews internal processes and procedures to satisfy itself that management has developed and implemented a thorough system of risk management and internal control. The Board has delegated the specific responsibility of overseeing the Company's risk profile and management to the Audit & Risk Committee. The Audit & Risk Committee is described in more detail in the discussion of Principle 2 above.

The Audit & Risk Committee charter provides that among other things, the Committee is responsible for:

- ensuring that appropriate systems and procedures are in place to identify, monitor and mitigate the Company's operational and financial risks.
- Reviewing management's internal control programmes, processes and policies which deal with the company's reporting systems.

In carrying out its risk management duties, the Audit & Risk Committee is entitled to seek any information it considers appropriate from any employee or any external party; require any employee to attend its meetings and obtain legal or other professional advice at the cost of the Company.

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

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
0
Comments
<p>There is no clear evidence that the company assures itself of the quality of its internal investigations. The company indicates that its investigators receive training on the Whistleblower Protection Policy, but there is no evidence that staff conducting investigations receive other training related to internal investigations, nor is there evidence that the company has a procedure in place to handle complaints about the process or to review the procedure regularly.</p>
Evidence
<p>[15] Whistleblower Protection Policy Accessed 10/04/2020 http://investor.austal.com/static-files/2d2b7da7-0ee8-4062-b116-85cf0388c617 [p.10] 6.1 Review of this policy</p> <p>Austal will regularly monitor and review the effectiveness of the protections described in this policy.</p> <p>6.2 Training</p> <p>Employees, Recipients, potential investigators and all relevant Austal personnel will receive training in relation to their rights and obligations under this policy and under applicable whistleblower laws.</p>

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
0
Comments
There is no evidence that the company's investigative procedure includes a commitment to report material findings of bribery and corruption to the board or to relevant authorities.
Evidence
No evidence found.

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption investigations or disciplinary actions involving its employees.
Evidence
No evidence found.

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
0
Comments
Based on publicly available information, there is no evidence that the company provides anti-bribery and corruption training to its employees.
Evidence
<p>[15] Whistleblower Protection Policy Accessed 10/04/2020 http://investor.austal.com/static-files/2d2b7da7-0ee8-4062-b116-85cf0388c617 [p.10] Employees, Recipients, potential investigators and all relevant Austal personnel will receive training in relation to their rights and obligations under this policy and under applicable whistleblower laws.</p>

Question
3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees: a) Employees in high risk positions, b) Middle management, c) Board members.
Score
0
Comments
There is no evidence that the company provides tailored anti-bribery and corruption training to its employees based on an assessment of their role and exposure to corruption risk.
Evidence
No evidence found.

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
0
Comments
Based on publicly available information, there is no evidence that the company measures or reviews the effectiveness of its anti-bribery and corruption communications or training programme.
Evidence
No evidence found.

Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
1
Comments
<p>Based on publicly available information, there is some evidence that the company's remuneration structures incorporate ethical principles. The company states that it emphasises ethics when recognising employee performance and indicates that individual employees may also lose rewards in cases of misconduct.</p> <p>However, the company receives a score of '1' because there is no clear evidence that it has a specific approach for employees in high risk positions, such as those in sales roles. There is also no evidence that financial rewards must be proportionate to the employee's salary in the case of high risk employees.</p>
Evidence
<p>[1] Corporate Governance Statement – 2019 (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e [p.19] 8.1 Remuneration strategy</p> <p>[...]</p> <p>The Board also retains broad discretion to determine that a Participant's entitlement to Performance Rights is forfeited or reduced in the event of serious misconduct, fraudulent behaviour or dishonesty.</p> <p>[7] Annual Report 2018 (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/135a4c3a-10f5-407e-8631-db3573410bbe [p.44] Individual Remuneration Determination Total remuneration based approach Facilitate competitiveness by paying remuneration levels for comparable roles and experience, subject to performance Promote meritocracy by recognising individual performance, with an emphasis on contribution, ethics and safety Equal remuneration opportunity</p> <p>Remuneration Structure Provide the appropriate balance of fixed and variable remuneration consistent with the position and role in the Group Significant portion of variable remuneration deferred and aligned with the long-term performance of the Group Promote ethical behaviour and do not create incentives to expose the Group to inappropriate risk</p>

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
0
Comments
There is no evidence that the company commits to support or protect employees who refuse to act unethically.
Evidence
No evidence found.

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
1
Comments
<p>There is evidence that the company promotes a policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents. There is evidence that this applies to all employees across the organisation, including those employed by the group as third parties, such as suppliers and contractors.</p> <p>However, the company receives a score of '1' because there is no evidence that the company assures itself of its employees' confidence in this commitment through surveys, usage data, or other clearly stated means.</p>
Evidence
<p>[15] Whistleblower Protection Policy Accessed 10/04/2020 http://investor.austal.com/static-files/2d2b7da7-0ee8-4062-b116-85cf0388c617</p> <p>[p.4] The Austal Limited (Austal) Board of Directors is committed to fostering a culture of corporate compliance, ethical behaviour and good corporate governance. Austal will protect those who report any breach of law or any violation of Austal's policies, principles or values or any other legal or ethical concern, including by protecting their identity and protecting them from detrimental treatment.</p> <p>This policy documents Austal's commitment to maintaining an open working environment in which Austal people (as defined below) are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.</p> <p>Unethical, unlawful or undesirable conduct is referred to in this policy as unacceptable conduct. Examples of unacceptable conduct are given in Section 2.3 below.</p> <p>References in this policy to Austal include references to Austal Limited, and all its subsidiaries outside the USA</p> <p>[...]</p> <p>2.2 Who is covered by this policy</p> <p>This policy applies to reports of allegations of serious wrongdoing, examples of which are outlined in section 2.3 below (Reportable Conduct) which are made by current or past:</p> <ul style="list-style-type: none"> • Austal directors, officers and employees; • Austal contractors and suppliers; • employees of Austal contractors and suppliers; • associates (as defined in the Corporations Act 2001(Cth)) of Austal, for example, a director or secretary of a related company of Austal. <p>Austal's customers are not considered to be eligible whistleblowers under the legislation.</p> <p>It also applies to reports of unacceptable conduct which are made by any relatives, dependants or spouses (or that spouse's dependants) of individuals listed above.</p> <p>In this policy each person in the categories listed above is referred to as an Austal person (and collectively Austal people).</p> <p>[p.9] Will I be protected if I make a report ?</p> <p>Austal is committed to protecting and respecting the rights of any Austal person who reports Reportable Conduct that qualifies them for protection under the Corporations Act 2001 (Cth), in accordance with this policy.</p> <p>Austal will not tolerate any reprisals (including dismissal or demotion), discrimination, bias, harassment, intimidation or victimisation against any person suspected of making a report of Reportable Conduct, or against that person's</p>

colleagues, employer (if a contractor), relatives, or any other person where the detrimental conduct is due to the suspicion that a person has made a report of Reportable Conduct.

Any such retaliatory action may be an offence under Australian law, will be treated as misconduct and will be dealt with in accordance with Austal's disciplinary procedures. A person who believes that they have suffered retaliatory action as a result, is encouraged to report the circumstances through the avenues set out in Section 3.1 above. In addition to the above, under Australian law an Austal person who has reasonable grounds for suspecting that Reportable Conduct has taken place, and who reports the matter to a Recipient, may be entitled to additional legal protections in certain circumstances, including:

- they may be protected from civil, criminal or administrative legal action for making the report;
- they may be protected from contractual or other remedies being sought against them on the basis of the report; • the information they provide may not be admissible in evidence against them in legal proceedings (unless they have provided false information); and
- if they are subject to retaliatory conduct for reporting, in some circumstances they may be entitled to compensation or another remedy.

Under Australian law, these protections may not apply to reports made to Recipients that concern a personal work-related grievance of the person making the report.

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Accessed 30/10/2019

<http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e>

[p.10] The Company also has a general Code of Conduct that was updated in August 2016 and applies to all employees across the Austal Group. A summary of the Code of Conduct is published on the Company's website.

The Company has a comprehensive whistleblowing policy which encourages all employees to speak out if they have concerns about any activity, breach of law, breach of Code of Conduct, dangers to the public and any concealment of information. The Company's policy is managed by an independent third party and is designed to make it easy for all colleagues to speak up and report anonymously without any risk to their employment or suffering any form of retribution.

The Company's Code of Conduct, Anti-bribery and Corruption and Whistle-blower Protection policies promote ethical and responsible decision-making by Directors and employees, who certify on commencing employment that they understand and comply with these policies.

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
1
Comments
<p>There is evidence that the company has multiple channels to report instances of suspected corrupt activity and seek advice on the company's anti-bribery and corruption programme. The company indicates that these channels are sufficiently varied to allow the employee to raise concerns across the management chain and to an independent body through a third party-operated channel. The company's channels allow for confidential and anonymous reporting, and there is evidence that these channels are open to all employees as well as third parties, including suppliers.</p> <p>The company receives a score of '1' because there is no evidence these channels are available in multiple languages, nor that the channels are may be accessed by employees and third parties in any country of operation.</p>
Evidence
<p>[15] Whistleblower Protection Policy Accessed 10/04/2020 http://investor.austal.com/static-files/2d2b7da7-0ee8-4062-b116-85cf0388c617</p> <p>[p.4] The Austal Limited (Austal) Board of Directors is committed to fostering a culture of corporate compliance, ethical behaviour and good corporate governance. Austal will protect those who report any breach of law or any violation of Austal's policies, principles or values or any other legal or ethical concern, including by protecting their identity and protecting them from detrimental treatment.</p> <p>This policy documents Austal's commitment to maintaining an open working environment in which Austal people (as defined below) are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.</p> <p>Unethical, unlawful or undesirable conduct is referred to in this policy as unacceptable conduct. Examples of unacceptable conduct are given in Section 2.3 below.</p> <p>References in this policy to Austal include references to Austal Limited, and all its subsidiaries outside the USA</p> <p>2. About this policy</p> <p>2.1 Purpose of this policy</p> <p>The purpose of this policy is to:</p> <ul style="list-style-type: none"> • help detect and address unacceptable conduct; • help provide employees and contractors with a supportive working environment in which they feel able to raise issues of legitimate concern to them and to Austal; • provide information about the protections available to people who report unacceptable conduct; • provide information about to whom reports of unacceptable conduct may be made, how they may be made, and how Austal will investigate them where appropriate; and • help support and protect people who legitimately report unacceptable conduct. <p>2.2 Who is covered by this policy</p> <p>This policy applies to reports of allegations of serious wrongdoing, examples of which are outlined in section 2.3 below (Reportable Conduct) which are made by current or past:</p> <ul style="list-style-type: none"> • Austal directors, officers and employees; • Austal contractors and suppliers; • employees of Austal contractors and suppliers; • associates (as defined in the Corporations Act 2001(Cth)) of Austal, for example, a director or secretary of a related company of Austal.

Austal's customers are not considered to be eligible whistleblowers under the legislation.

It also applies to reports of unacceptable conduct which are made by any relatives, dependants or spouses (or that spouse's dependants) of individuals listed above.

In this policy each person in the categories listed above is referred to as an Austal person (and collectively Austal people).

[p.5] 2.3 Reportable Conduct covered by this policy

Reportable Conduct covered by this policy includes, but is not limited to, any serious misconduct by Austal or an Austal person which:

- is fraudulent or corrupt, including bribery or other activity in breach of Austal's antibribery policy;
- is illegal activity, such as theft, drug sale or use, violence, criminal damage to property or other breaches of state or federal law;
- is unethical, such as dishonestly altering company records or data, adopting questionable accounting practices or wilfully breaching Austal's Code of Conduct;

[p.6] 3.1 Who to report to under this policy

An Austal person can make a report of Reportable Conduct under this policy to Austal's:

- Head of Human Resources;
- General Counsel or another Austal in-house lawyer;
- Chief Executive Officer;
- or • external Helpline provider, the STOPline (further details below),

(Recipients).

Under the Corporations Act 2001 (Cth), officers, senior managers, auditors and actuaries of Austal are also eligible recipients of reports. Where a report is made to one of these persons not included in the above list, they will be considered a 'Recipient' for the purposes of this policy.

Austal recognises that there may be issues of such sensitivity that an Austal person does not feel able to make a report of Reportable Conduct to an internal Recipient. Alternatively, there may be occasions where an Austal person does not feel the concern they have raised has been adequately addressed, or where they feel an internal Recipient may not be impartial. In these cases, Austal's Helpline is available.

The Helpline is operated by The STOPline. Any Austal person may use the Helpline to report, or receive guidance in respect of reporting, suspected Reportable Conduct under this policy. Contact details for the Helpline are set out in Section 6.3 below. Reports to the Helpline may be made anonymously

3.2 What happens when I contact the Helpline?

Where an Austal person contacts the Helpline to report suspected Reportable Conduct, they will have the option of either identifying themselves or remaining anonymous. They may either:

- identify themselves to the Helpline and consent to their identity being disclosed to Austal;
- identify themselves only to the Helpline but not to Austal; or
- choose to remain anonymous to both the Helpline and Austal.

The Helpline operator will make a record of all of the relevant information provided by the Austal person. As with named reporting, to allow Austal to investigate the issue it is important that anonymous reports include sufficient information in relation to the alleged Reportable Conduct.

The Helpline will refer the matter, along with the information provided by the Austal person, to Austal's Chief Executive Officer and/or his/her delegate who will determine whether it is appropriate to commence an investigation, which will be conducted in accordance with the confidentiality requirements and protections set out below.

[p.8] 5.1 Will my identity be treated confidentially?

If an Austal person makes a report of Reportable Conduct under this policy that qualifies them for protection under the Corporations Act 2001 (Cth), Austal will take steps to ensure that person's identity is protected from disclosure.

An Austal person who intends to make a report under this policy may make a request via the Helpline for special protection measures if their identity is likely to be readily inferred from the nature of the information in the report.

Recipients or any other person with knowledge of the report must not disclose the Austal person's identity (e.g. name, staff ID or email address) unless:

- the Austal person making the report consents to the disclosure;
- the disclosure is required by law;
- the disclosure is made to the Australian Securities and Investments Commission, the Australian Prudential Regulation Authority or the Australian Federal Police; or
- it is disclosed to a lawyer for the purpose of receiving advice in relation to legal obligations of protection and confidentiality.

Recipients may only disclose information that may lead to identification of the Austal person who has made a report (such as their role and responsibilities, if these are unique) where it is reasonably necessary for Austal to investigate a report and reasonable steps are taken to reduce the risk that the person's identity is disclosed.

[p.9] Austal will ensure that any records relating to a report of Reportable Conduct are stored securely and confidentially and are able to be accessed only by Austal staff who are authorised to access the information for the purposes of assessing or investigating the report.

Unauthorised disclosure of:

- the identity of an Austal person who has made a report of Reportable Conduct; or
 - information from which the identity of the reporting person could be inferred,
- may be an offence under Australian law, will be regarded as a disciplinary matter and will be dealt with in accordance with Austal's disciplinary procedures.

[...]

5.3 Can I make a report anonymously?

As set out above, anonymous reports of Reportable Conduct can be made to the Helpline

[p.10] An Austal person may contact the Helpline:

By telephone:

- from within Australia by calling 1300 30 10 40; or
- from outside Australia by calling +61 3 9811 3287 (ReverseCharges).

By fax:

- from within Australia to fax number 03 9882 4480; or
- from outside Australia to fax number +61 3 9882 4480.

By mail:

The STOPline
Locked Bag 8
HAWTHORN VIC 3122

By confidential email: austal@stopline.com.au

[1] Corporate Governance Statement – 2019 (Document)

Accessed 30/10/2019

<http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e>

[p.10] The Company also has a general Code of Conduct that was updated in August 2016 and applies to all employees across the Austal Group. A summary of the Code of Conduct is published on the Company's website.

The Company has a comprehensive whistleblowing policy which encourages all employees to speak out if they have concerns about any activity, breach of law, breach of Code of Conduct, dangers to the public and any concealment of information. The Company's policy is managed by an independent third party and is designed to

make it easy for all colleagues to speak up and report anonymously without any risk to their employment or suffering any form of retribution.

The Company's Code of Conduct, Anti-bribery and Corruption and Whistle-blower Protection policies promote ethical and responsible decision-making by Directors and employees, who certify on commencing employment that they understand and comply with these policies.

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
1
Comments
<p>There is publicly available evidence that the company has a policy on conflicts of interest, which makes specific reference to actual, perceived and potential conflicts of interest. There is evidence that the company's policy covers employee relationships, financial interests and other employment.</p> <p>However, the company receives a score of '1' because there is no publicly available evidence that this policy covers conflicts associated with government relationships. In addition, there is evidence to indicate that the policies apply primarily to directors and managers; it is not clear that the same conflict of interest policies apply to all employees.</p>
Evidence
<p>[6] Manager's Code of Conduct (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/6f464f1c-a368-4d5d-bc24-626685701179</p> <p>[p.1] Conflict of Interest A conflict of interest may arise where the interests of an employee interferes or appears to interfere with the interests of the company as a whole.</p> <p>To avoid such conflicts arising, employees [including managers] are obliged to:</p> <ul style="list-style-type: none"> • Advise their manager of any material interest or proposed material interest that they may have in a customer, supplier or service provider • Seek prior approval from the company before agreeing to become a director of any other company <p>[p.2]</p> <ul style="list-style-type: none"> • Not seek or accept offers of gifts, money or favours which might influence or appear to influence the making of any business decisions • Not be involved in any other business or position that may result in them not being able to carry out their duties and responsibilities to the company. <p>Managers are to raise with their employees any concerns they may have with regard to a conflict of interest.</p> <p>[1] Corporate Governance Statement – 2019 (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e</p> <p>[p.8] Directors are required to disclose any actual or potential conflicts or material personal interests on their appointment to the Board. These disclosures are required to be kept up to date. Directors with material personal interests in matters that are before the Board are excluded from consideration of the matter and from related voting processes.</p> <p>All Directors are entitled to seek independent professional advice at the Company's expense if required.</p> <p>2.4 Outside Directorships</p> <p>The number of outside Directorships held by Directors is considered as part of his or her appointment and retention. Unless exceptional circumstances apply, the Company follows the Council's guidelines for acceptance of outside Directorships by Executive and Non-Executive Directors. None of the Company's current Directors have outside Directorship commitments that exceed the Council's guidelines.</p> <p>[p.9] 3.1 Ethical standards and performance</p>

The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all Directors, managers and employees of the Austal Group.

The Company has adopted a Director's Code of Conduct under which Directors are expected to:
[...]

- avoid conflicts and make full disclosure of any possible conflict of interest;

[5] Director's Code of Conduct (Document)

Accessed 30/10/2019

<http://investor.austal.com/static-files/a07f0e0d-6189-441e-9fac-9c9893c662f6>

[p.1] A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the company.

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
1
Comments
<p>There is some evidence that the company has procedures to identify, declare and manage conflicts of interest, including actual, potential and perceived conflicts.</p> <p>However, the company receives a score of '1' because there is no evidence that all employee and board member declarations are held in a dedicated central register that is accessible to those responsible for oversight of the process. Based on publicly available evidence, it is not clear that a specific body or individual provides oversight and has accountability for handling cases. There is also no indication that the company provides examples of criteria for recusals, nor that disciplinary measures will apply for breaches of the policy.</p>
Evidence
<p>[1] Corporate Governance Statement – 2019 (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e</p> <p>[p.8] Directors are required to disclose any actual or potential conflicts or material personal interests on their appointment to the Board. These disclosures are required to be kept up to date. Directors with material personal interests in matters that are before the Board are excluded from consideration of the matter and from related voting processes.</p> <p>All Directors are entitled to seek independent professional advice at the Company's expense if required.</p> <p>2.4 Outside Directorships The number of outside Directorships held by Directors is considered as part of his or her appointment and retention. Unless exceptional circumstances apply, the Company follows the Council's guidelines for acceptance of outside Directorships by Executive and Non-Executive Directors. None of the Company's current Directors have outside Directorship commitments that exceed the Council's guidelines.</p> <p>[p.9] 3.1 Ethical standards and performance The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all Directors, managers and employees of the Austal Group.</p> <p>The Company has adopted a Director's Code of Conduct under which Directors are expected to: [...] • avoid conflicts and make full disclosure of any possible conflict of interest;</p> <p>[5] Director's Code of Conduct (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/a07f0e0d-6189-441e-9fac-9c9893c662f6</p> <p>[p.1] A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the company.</p> <p>[6] Manager's Code of Conduct (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/6f464f1c-a368-4d5d-bc24-626685701179</p> <p>[p.1] Conflict of Interest A conflict of interest may arise where the interests of an employee interferes or appears to interfere with the interests of the company as a whole.</p> <p>To avoid such conflicts arising, employees [including managers] are obliged to:</p> <ul style="list-style-type: none"> • Advise their manager of any material interest or proposed material interest that they may have in a customer, supplier or service provider • Seek prior approval from the company before agreeing to become a director of any other company

[p.2]

- Not seek or accept offers of gifts, money or favours which might influence or appear to influence the making of any business decisions
- Not be involved in any other business or position that may result in them not being able to carry out their duties and responsibilities to the company.

Managers are to raise with their employees any concerns they may have with regard to a conflict of interest.

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
0
Comments
There is no evidence that the company has a policy regulating the employment of current or former public officials.
Evidence
No evidence found.

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no evidence that the company reports details of the contracted services of serving politicians.
Evidence
No evidence found.

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
0
Comments
Based on publicly available information, there is no evidence that the company has a policy to regulate corporate political contributions. The company indicates that employees engaged in political activities must receive approval from the company's leadership, but there is no evidence that the company has a formal policy in place at corporate level.
Evidence
<p>[6] Manager's Code of Conduct (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/6f464f1c-a368-4d5d-bc24-626685701179</p> <p>[p.3] Activities Employees being involved in political or community activities must ensure that no conflict arises with their position in the company and no confidential company information is used in such political activity without prior written approval of the Managing Director of the company.</p> <p>Political activity includes being a candidate for federal, state or local government; being a member, fundraiser or spokesperson for a political party, cause or lobby group, or being publicly involved in a well-publicised community issue.</p>

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
0
Comments
There is no evidence that the company publishes any details of its political contributions.
Evidence
No evidence found.

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
0
Comments
<p>There is no evidence that the company has a policy or procedure covering charitable donations and sponsorships, The company publishes some information on its charitable activities but does not publish any details of specific procedures for such activities to ensure that such donations are not used as vehicles for bribery or corruption. Although the company provides some information on the charitable causes it supports on its website, there is no evidence that it publishes full details of its donations – including details of the recipient, amount, country of recipient and which corporate entity made the payment – on at least an annual basis.</p>
Evidence
<p>[17] Austal Giving (Webpage) Accessed 10/04/2020 https://www.austal.com/austal-giving AUSTAL GIVING Austal is committed to helping the local communities in which we live and work. As part of this commitment to corporate social responsibility, Austal has established 'Austal Giving' - a platform for the company and its employees to provide assistance in various forms, to worthwhile community and charitable programs.</p> <p>'Austal Giving' leverages our people and business' natural capabilities to improve opportunities for employment, learning, health and wellbeing and the environment. Aligning with own corporate culture, Austal carefully considers and chooses to support programs and organisations that can demonstrate a high degree of operational efficiency - ensuring the delivery of maximum benefit to the targeted people in need.</p> <p>Austal has established a dedicated Austal Giving Committee, chaired by the Chief Executive Officer to lead and manage support activities - and ensure Austal makes a real difference in our local communities.</p> <p>Through a robust review process, applications are critically assessed for compliance against Austal's support criteria;</p> <p>[...]</p> <p>AUSTAL GIVING IS PROUDLY SUPPORTING:</p> <p>ANGLICARE WA – YOUNG HEARTS PROGRAM Austal supports Anglicare's Young Hearts program which provides much-needed counselling support services to women and children who have suffered domestic violence in Rockingham, Western Australia.</p> <p>With two full-time counsellors, funded by Austal and Telethon, the program has been successful in reducing the waiting time for appointments from over 300 to just 31 days</p> <p>[...]</p> <p>SPINNAKER HEALTH RESEARCH FOUNDATION Austal employees and <i>Austal Giving</i> support the great work of the Spinnaker Health Research Foundation through the long-running 'Freo Doctor' Lottery that raises funds for important medical research in a number of areas, including;</p> <ul style="list-style-type: none"> • Maternal and infant health • Childhood disease and injury • Endocrine disorders including diabetes • Cancer and cancer treatments • Burn management and treatment • Inflammatory and rare diseases

- Mental health
- Heart disease
- Heart and lung transplant
- Prehabilitation and rehabilitation for improved recovery

Every dollar raised by Austal employees through the Freo Doctor Lottery is matched by *Austal Giving* and goes directly toward helping the Foundation to focus on the identified health needs of the community of south metropolitan Perth.

Spinnaker prioritises research that aims to translate findings to practice - to ensure the best possible diagnosis, treatment and care of the people who attend local hospitals; as well as projects that focus on prevention to ensure the improved life outcomes for everyone in our community.

[...]

FREO DOCTOR LOTTERY

Running now for over 16 years at Fremantle Hospital and for 13 years at Austal, employees participate in the Freo Doctor Lottery to vie for the chance to win a weekly cash prize, with 50% of the proceeds going to the Foundation.

The Freo Doctor Lottery is a fantastic project and provides a forum where you can support the important research of the foundation whilst at the same time have a little fun with the lottery.

[...]

Austal Giving is again supporting Lifeline WA's *Lights for Lifeline* campaign that is raising funds for the Lifeline 13 11 14 telephone counseling service - helping to prevent suicide and provide crisis support in our local community. Sadly, the rate of suicide in Western Australia is rising and one Western Australian takes their own life every day. It is the leading cause of death for Western Australians between 15 and 44 years. And for every life lost too soon, many parents, children, siblings, friends and colleagues are left devastated.

Lifeline WA receives an increased demand for assistance over the holiday period from people throughout WA, coping with issues such as loneliness, financial hardship and family problems.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
0
Comments
Based on publicly available information, there is no evidence that the company has a policy or procedure on lobbying.
Evidence
<p>[6] Manager's Code of Conduct (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/6f464f1c-a368-4d5d-bc24-626685701179</p> <p>[p.3] Activities Employees being involved in political or community activities must ensure that no conflict arises with their position in the company and no confidential company information is used in such political activity without prior written approval of the Managing Director of the company.</p> <p>Political activity includes being a candidate for federal, state or local government; being a member, fundraiser or spokesperson for a political party, cause or lobby group, or being publicly involved in a well-publicised community issue.</p>

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
0
Comments
There is no evidence that the company publishes any information on its lobbying aims, topics or activities.
Evidence
No evidence found.

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
0
Comments
There is no evidence that the company publishes any details about its global lobbying expenditure.
Evidence
No evidence found.

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
1
Comments
<p>There is some evidence that the company has a policy on the giving and receipt of gifts and hospitality, which specifies senior manager approval for certain proportionate gifts.</p> <p>However, the company receives a score of '1' because there is no evidence that the policy specifies financial or proportional limits or different approval procedures for different types of promotional expenses. There is also no evidence that the policy addresses the risks associated with gifts and hospitality given to or received from domestic or foreign public officials. There is no evidence that all gifts and hospitality above a certain threshold are recorded in a dedicated central register that is accessible to those responsible for oversight of the process.</p>
Evidence
<p>[6] Manager's Code of Conduct (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/6f464f1c-a368-4d5d-bc24-626685701179 [p.3] Gifts and entertainment</p> <p>Gifts All staff are reminded that, without authority from a senior manager, they are not to receive any gifts, pledges, favours or any other benefit in return for any business favours, introductions or otherwise that are as a result of their employment in the Austal Group. Situations may arise where it is appropriate to give a corporate gift or goodwill gesture, recognising a significant occasion (e.g. an overseas delegation). A senior manager's approval is required and in any case the gift should be modest and appropriate for the occasion.</p> <p>[p.3-4] Entertainment Similarly, entertainment may be appropriate where persons outside the company are involved. If the expense is to be borne by the company, a manager senior to the most senior person attending the function must first approve, in principle, the expenditure and the actual expenditure. Employees in such situations should be cautious of not compromising the company's position in any way through attending / organising such functions.</p>

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
1
Comments
<p>There is some evidence that the company's purchasing departments are involved, in some capacity, in the establishment and oversight of its supplier relationships.</p> <p>However, the company receives a score of '1' because it is not clear that the procurement department is the main body responsible for oversight of the company's supplier base. There is also no evidence that the company assures itself of the procurement department's involvement at least every three years.</p>
Evidence
<p>[9] Suppliers (Webpage) Accessed 30/10/2019 https://www.austal.com/suppliers</p> <p>Tenders Tenders for the supply of specific goods and services at each location are managed by local Operations and their Purchasing Departments. Information on local tenders and/or procurement contracts is posted by and made available by each Operation's Purchasing Departments.</p> <p>Suppliers are welcome to subscribe to any or all of Austal's Operation's tender mailing lists - to receive information on new tenders, as they are announced. If you would like to receive information about upcoming tenders and contracts, please contact the respective Operations' Purchasing Department via email, indicating the categories of goods and services you are interested in supplying.</p>

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
1
Comments
<p>There is some evidence that the company has formal procedures to conduct due diligence on its suppliers. There is evidence that the highest risk suppliers are subject to enhanced due diligence procedures.</p> <p>However, the company receives a score of '1' because its publicly available information indicates that only certain types of suppliers are subject to due diligence. There is no evidence that the due diligence process includes checks on ultimate beneficial ownership, nor that due diligence is repeated at least every two years or whenever there is a change in the business relationship. There is also no evidence to suggest that the company might be willing to review supplier relationships in circumstances where a red flag highlighted in the due diligence cannot be mitigated.</p>
Evidence
<p>[1] Corporate Governance Statement – 2019 (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e</p> <p>[p.19] Supply Chain and Procurement Where third parties are identified as being key suppliers to the Company, or where they are domiciled in areas that Austal assesses as higher risk, a full due diligence assessment is carried out before the supplier is on-boarded. This assessment covers a range of topics including the supplier's regulatory & legal compliance, HR policies and practices and the integrity of its operations.</p> <p>Over the next 12 months, the Company will continue to strengthen its approach to managing the risk of modern slavery within our business. The Company will, as part of its measures to combat modern slavery:</p> <ul style="list-style-type: none"> • Provide training on modern slavery risks to the Company's procurement and supplier management employees; • Strengthen the on-boarding and due diligence process for suppliers where appropriate; and • conduct supply chain audits to identify potential risk in the Company's supply chain.

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
1
Comments
<p>There is some evidence that the company requires its suppliers to comply with certain anti-bribery and corruption standards through the inclusion of contractual clauses in its purchase order terms and conditions. There is evidence that these standards prohibit bribery and facilitation payments.</p> <p>The company receives a score of '1' because there is no evidence that it requires suppliers to have policies and/or procedures that cover conflicts of interest, gifts and hospitality and whistleblowing. The company indicates that its due diligence includes checks on the supplier's human resources policies and procedures, but it is not clear that this includes anti-bribery and corruption policies.</p>
Evidence
<p>[11] Purchase Orders Terms and Conditions (Document) Accessed 10/04/2020 https://australia.austal.com/sites/default/files/00-images-philippines/PDF/Purchase%20Orders%20Terms%20and%20Conditions.pdf [p.5] 9.4 Anti-Bribery and Anti-Corruption (a) Supplier represents and warrants that other than as set out in the PO or as otherwise advised to Purchaser in writing it, its Personnel, and each of its officers, directors, employees, consultants, agents and any other third parties acting on its behalf shall not, directly or indirectly, either by itself or through any third party or person, (i) pay, (ii) offer to pay, (iii) promise to pay, or (iv) authorize the payment, of any moneys, or otherwise provide or offer to provide anything of value, to any employee, contractor, consultant or representative of Purchaser, its customer or any government or regulatory body for the purpose of improperly influencing or inducing or rewarding any favourable treatment, or obtaining any advantage, in connection with the PO.</p> <p>(b) In the event of any breach of this condition by the Supplier, Purchaser may terminate the PO immediately and from the date of termination the PO shall be void and of no effect. Any payments made by Purchaser to Supplier before or after the date of termination under this clause shall be refunded by the Supplier to Purchaser on demand.</p> <p>[1] Corporate Governance Statement – 2019 (Document) Accessed 30/10/2019 http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e [p.19] Supply Chain and Procurement Where third parties are identified as being key suppliers to the Company, or where they are domiciled in areas that Austal assesses as higher risk, a full due diligence assessment is carried out before the supplier is on-boarded. This assessment covers a range of topics including the supplier's regulatory & legal compliance, HR policies and practices and the integrity of its operations.</p> <p>Over the next 12 months, the Company will continue to strengthen its approach to managing the risk of modern slavery within our business. The Company will, as part of its measures to combat modern slavery:</p> <ul style="list-style-type: none"> • Provide training on modern slavery risks to the Company's procurement and supplier management employees; • Strengthen the on-boarding and due diligence process for suppliers where appropriate; and • conduct supply chain audits to identify potential risk in the Company's supply chain.

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
0
Comments
Based on publicly available information, there is no clear evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption standards are required throughout the supply chain. There is some evidence in the company's purchase order terms and conditions that suppliers are responsible for their subcontractors, but there is no evidence that this extends to a commitment on anti-bribery and corruption standards.
Evidence
<p>[11] Purchase Orders Terms and Conditions (Document) Accessed 10/04/2020 https://australia.austal.com/supplying-austal-australia [p.5] 9.2 Assignment and Subcontracting</p> <p>(a) The Supplier must not, without Purchaser's prior written consent, assign or deal with any right under the PO and any purported dealing in breach thereof is of no effect. (b) The Supplier shall not subcontract the whole of the scope of supply / work under the PO. (c) The Supplier, by subcontracting any part of the scope under the PO shall not be relieved of its liabilities or obligations, and shall be responsible for its subcontractors or sub-suppliers.</p> <p>[...]</p> <p>9.4 Anti-Bribery and Anti-Corruption (a) Supplier represents and warrants that other than as set out in the PO or as otherwise advised to Purchaser in writing it, its Personnel, and each of its officers, directors, employees, consultants, agents and any other third parties acting on its behalf shall not, directly or indirectly, either by itself or through any third party or person, (i) pay, (ii) offer to pay, (iii) promise to pay, or (iv) authorize the payment, of any moneys, or otherwise provide or offer to provide anything of value, to any employee, contractor, consultant or representative of Purchaser, its customer or any government or regulatory body for the purpose of improperly influencing or inducing or rewarding any favourable treatment, or obtaining any advantage, in connection with the PO.</p> <p>(b) In the event of any breach of this condition by the Supplier, Purchaser may terminate the PO immediately and from the date of termination the PO shall be void and of no effect. Any payments made by Purchaser to Supplier before or after the date of termination under this clause shall be refunded by the Supplier to Purchaser on demand.</p>

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or anti-bribery and corruption investigations or the associated disciplinary actions relating to its suppliers.
Evidence
No evidence found.

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
0
Comments
Based on publicly available information, there is no evidence that the company has a policy on the use of agents.
Evidence
No evidence found.

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
0
Comments
There is no publicly available evidence that the company conducts anti-bribery and corruption due diligence on its agents or intermediaries.
Evidence
No evidence found.

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
0
Comments
There is no publicly available evidence that the company aims to establish the beneficial ownership of its agents.
Evidence
No evidence found.

Question
7.1.4 Does the company's anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
0
Comments
There is no publicly available evidence that the company includes anti-bribery and corruption clauses in its contracts with agents and intermediaries.
Evidence
No evidence found.

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
0
Comments
There is no publicly available evidence that the company recognises incentive structures as a risk factor in agent behaviour.
Evidence
No evidence found.

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the agents currently contracted to act for and/or on its behalf.
Evidence
No evidence found.

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption-related investigations, incidents or the associated disciplinary actions involving its agents.
Evidence
No evidence found.

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
Comments
There is no publicly available evidence that the company conducts anti-bribery and corruption due diligence on its joint ventures.
Evidence
No evidence found.

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture relationships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
0
Comments
There is no publicly available evidence that the company commits to establishing or implementing anti-bribery and corruption policies or procedures in its joint ventures.
Evidence
No evidence found.

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
0
Comments
There is no publicly available evidence that the company commits to take an active role in preventing bribery and corruption in all of its joint ventures.
Evidence
No evidence found.

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
0
Comments
There is no evidence that the company addresses the corruption risks associated with offset contracting, nor is there evidence that a dedicated body, department or team is responsible for monitoring the company's offset activities.
Evidence
No evidence found.

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
0
Comments
There is no evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on its offset obligations.
Evidence
No evidence found.

Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the offset agents, brokers or consultancy firms currently contracted to act with and on behalf of its offset programme.
Evidence
No evidence found.

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
0
Comments
There is no evidence that the company publishes any details of its offset obligations and contracts.
Evidence
No evidence found.

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
Comments
There is no publicly available evidence that the company acknowledges the corruption risks of operating in different markets, or that risk assessment procedures are used to inform the company's operations in high risk markets.
Evidence
<p>[4] Principle 7: Recognise and Manage Risk (Webpage) Accessed 30/10/2019 http://investor.austal.com/principle-7-recognise-and-manage-risk Risk Management and Internal Compliance and Control The Board determines the Company's 'risk profile' and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:</p> <ul style="list-style-type: none"> continuously identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls monitoring the performance, and continuously improving the effectiveness, of risk management systems and internal compliance and controls. <p>The risk management program addresses risks under the following categories:</p> <ul style="list-style-type: none"> business risks inherent to the shipbuilding industry operating risks associated with sales, design and production financial risks specific vessel risks <p>The Board oversees an annual assessment of the effectiveness of risk management and internal compliance and control.</p> <p>The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to assess risk management and associated internal compliance and control procedures and report back on the efficiency and effectiveness of risk management.</p>

Question

9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?

Score

1

Comments

The company publishes a list of its subsidiaries and joint ventures as part of its annual reporting documents. For each entity, the company discloses the country of incorporation and the percentage ownership that it holds.

However, the company receives a score of '1' because it is not clear whether the list includes non-fully consolidated holdings or any other related entities. There is also no evidence that the company publishes the country of operation for each entity.

Evidence**[16] Annual Report 2019 (Document)**

Accessed 10/04/2020

<http://investor.austal.com/static-files/135a4c3a-10f5-407e-8631-db3573410bbe>

[p.129]

The Group, management and related parties**Note 31 Parent interests in subsidiaries**

The consolidated financial statements include the financial statements of Austal Limited and the subsidiaries listed in the following table.

Company	Country	Equity Interest	
		2019	2018
Austal Ships Pty Ltd	Australia	100%	100%
Austal Cyprus Ltd	Cyprus	100%	100%
Austal Egypt LLC	Egypt	100%	100%
Austal Muscat LLC	Oman	100%	100%
Austal Service Pty Ltd	Australia	100%	100%
Austal Service Darwin Pty Ltd	Australia	100%	100%
Hydraulink (NT) Pty Ltd	Australia	100%	100%
KM Engineering (NT) Pty Ltd	Australia	100%	100%
Austal Systems Pty Ltd	Australia	100%	100%
Austal UK Ltd	United Kingdom	100%	100%
Austal Holdings Vietnam Pty Ltd	Australia	100%	100%
Austal Viet Nam Co Ltd	Vietnam	100%	100%
Austal Holdings Inc	USA	100%	100%
Austal USA LLC	USA	100%	100%
Austal USA Service LLC	USA	100%	100%
ElectraWatch Inc	USA	100%	100%
Austal Philippines Pty Ltd	Australia	100%	100%
Austal Middle East Pty Ltd	Australia	100%	100%
Austal Holdings China Pty Ltd	Australia	100%	100%
Oceanfast Luxury Yachts Pty Ltd	Australia	100%	100%
Oceanfast Pty Ltd	Australia	100%	100%
Seastate Pty Ltd	Australia	100%	100%

I Investment in joint venture

Investment In Joint Venture	2019	2018
	'000	'000
Investment in Aulong Shipbuilding Co Ltd Joint Venture	\$ 1,729	\$ 1,804
Total	\$ 1,729	\$ 1,804

Share of profit of joint venture	2019	2018
	'000	'000
Share of profit / (loss) of joint venture	\$ -	\$ (266)
Total	\$ -	\$ (266)

The investment in Aulong joint venture represents the Group's 40% interest in the Chinese joint venture, Aulong Shipbuilding Co Ltd (Aulong). The remaining 60% of the joint venture is held by Chinese company Jianglong Shipbuilding Co Ltd.

The Aulong joint venture is currently in the start-up phase of its operations. The Board have taken this into account and considered it appropriate to hold the carrying amount of the investment constant until Aulong declares dividends or displays any signs of impairment, at which time the carrying amount will be adjusted accordingly.

[7] Annual Report 2018 (Document)

Accessed 30/10/2019

<http://investor.austal.com/static-files/135a4c3a-10f5-407e-8631-db3573410bbe>

[p.129]

The Group, management and related parties

Note 31 Parent interests in subsidiaries

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		2019	2018
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Austal Cyprus Ltd	Cyprus	100%	100%
Austal Egypt LLC	Egypt	100%	100%
Austal Muscat LLC	Oman	100%	100%
Austal Service Pty Ltd	Australia	100%	100%
Austal Service Darwin Pty Ltd	Australia	100%	100%
Hydraulink (NT) Pty Ltd	Australia	100%	100%
KM Engineering (NT) Pty Ltd	Australia	100%	100%
Austal Systems Pty Ltd	Australia	100%	100%
Austal UK Ltd	United Kingdom	100%	100%
Austal Holdings Vietnam Pty Ltd	Australia	100%	100%
Austal Viet Nam Co Ltd	Vietnam	100%	100%
Austal Holdings Inc	USA	100%	100%
Austal USA LLC	USA	100%	100%
Austal USA Service LLC	USA	100%	100%
ElectraWatch Inc	USA	100%	100%
Austal Philippines Pty Ltd	Australia	100%	100%
Austal Middle East Pty Ltd	Australia	100%	100%
Austal Holdings China Pty Ltd	Australia	100%	100%
Oceanfast Luxury Yachts Pty Ltd	Australia	100%	100%
Oceanfast Pty Ltd	Australia	100%	100%
Seastate Pty Ltd	Australia	100%	100%


Investment in joint venture

	2019 '000	2018 '000
Investment In Joint Venture		
Investment in Aulong Shipbuilding Co Ltd Joint Venture	\$ 1,729	\$ 1,804
Total	\$ 1,729	\$ 1,804
Share of profit of joint venture		
Share of profit / (loss) of joint venture	\$ -	\$ (266)
Total	\$ -	\$ (266)

The investment in Aulong joint venture represents the Group's 40% interest in the Chinese joint venture, Aulong Shipbuilding Co Ltd (Aulong). The remaining 60% of the joint venture is held by Chinese company Jianglong Shipbuilding Co Ltd.

The Aulong joint venture is currently in the start-up phase of its operations. The Board have taken this into account and considered it appropriate to hold the carrying amount of the investment constant until Aulong declares dividends or displays any signs of impairment, at which time the carrying amount will be adjusted accordingly.

No dividends or impairments have occurred during FY2019 and therefore the Profit and Loss recognised is \$0.000 million (FY2018: \$(0.266) million).

Question																																																																																																																		
9.3 Does the company disclose its beneficial ownership and control structure?																																																																																																																		
Score																																																																																																																		
1																																																																																																																		
Comments																																																																																																																		
<p>There is evidence that the company discloses all of its beneficial owners with an ownership in the company of 25% or above. These entities and/or individuals are referred to in the company's Annual Report by name, along with their percentage of issued share capital. There is also evidence that ownership information is available on the Australian Securities & Investment Commission site and that the company is publicly listed on the Australian Securities Exchange.</p> <p>However, the company receives a score of '1' because the company's beneficial ownership information is not published in open data or machine readable format. Although information is available through the Australian Securities & Investment Commission site, this information requires payment and is therefore not publicly available. In addition, although the company is listed on the Australian Securities Exchange, this is not one of the specific regulated markets listed in the scoring guidance.</p>																																																																																																																		
Evidence																																																																																																																		
<p>[16] Annual Report 2019 (Document) Accessed 10/04/2020 http://investor.austal.com/static-files/135a4c3a-10f5-407e-8631-db3573410bbe <p>[p.142] Twenty largest shareholders</p> <table> <tr> <th>Rank</th><th>Shareholder</th><th>Number of shares</th><th>% of Total issued capital</th><th>Substantial shareholder</th></tr> <tr><td>1</td><td>HSBC Custody Nominees (Australia) Limited</td><td>102,053,614</td><td>28.88%</td><td>Yes</td></tr> <tr><td>2</td><td>J P Morgan Nominees Australia Limited</td><td>66,448,809</td><td>18.80%</td><td>Yes</td></tr> <tr><td>3</td><td>Citicorp Nominees Pty Ltd</td><td>43,587,357</td><td>12.34%</td><td>Yes</td></tr> <tr><td>4</td><td>National Nominees Limited</td><td>33,144,484</td><td>9.38%</td><td>Yes</td></tr> <tr><td>5</td><td>Austro Pty Ltd</td><td>32,307,692</td><td>9.14%</td><td>Yes</td></tr> <tr><td>6</td><td>BNP Paribas Nominees Pty Ltd</td><td>13,502,497</td><td>3.82%</td><td></td></tr> <tr><td>7</td><td>Onyx (WA) Pty Ltd</td><td>6,600,000</td><td>1.87%</td><td></td></tr> <tr><td>8</td><td>Mr William Robert Chambers</td><td>3,100,000</td><td>0.88%</td><td></td></tr> <tr><td>9</td><td>BNP Paribas Noms Pty Ltd</td><td>3,049,314</td><td>0.86%</td><td></td></tr> <tr><td>10</td><td>AMP Life Limited</td><td>2,682,848</td><td>0.76%</td><td></td></tr> <tr><td>11</td><td>Mr Garry Heys & Mrs Dorothy Heys</td><td>2,044,670</td><td>0.58%</td><td></td></tr> <tr><td>12</td><td>Mossisberg Pty Ltd</td><td>1,650,000</td><td>0.47%</td><td></td></tr> <tr><td>13</td><td>CS Third Nominees Pty Limited</td><td>1,526,675</td><td>0.43%</td><td></td></tr> <tr><td>14</td><td>Kenny Nominees (NT) Pty Ltd</td><td>1,207,881</td><td>0.34%</td><td></td></tr> <tr><td>15</td><td>Lavinia Shipping Limited</td><td>1,141,000</td><td>0.32%</td><td></td></tr> <tr><td>16</td><td>ACE Property Holdings Pty Ltd</td><td>900,000</td><td>0.25%</td><td></td></tr> <tr><td>17</td><td>UBS Nominees Pty Ltd</td><td>813,051</td><td>0.23%</td><td></td></tr> <tr><td>18</td><td>Gregory McKechnie</td><td>687,098</td><td>0.19%</td><td></td></tr> <tr><td>19</td><td>Neweconomy Com Au Nominees</td><td>669,302</td><td>0.19%</td><td></td></tr> <tr><td>20</td><td>Upora Pty Ltd</td><td>537,999</td><td>0.15%</td><td></td></tr> <tr> <td colspan="2">Total</td><td>317,654,291</td><td>89.88%</td><td></td></tr> </table> </p> <p>[18] Australian Securities & Investments Commission – Search registries “Austal” Accessed 16/11/2020 https://connectonline.asic.gov.au/RegistrySearch/faces/landing/SearchRegisters.jspx?_af.ctrl-state=uiyfcxa87_4</p> <div> <p>▼ AUSTAL LIMITED ACN 009 250 266</p> <p>▼ Company Summary ⓘ</p> <p>Name: AUSTAL LIMITED ACN: 009 250 266 ABN: 73 009 250 266</p> <p>Previous state number: C0823754K Previous state of registration: Western Australia Registration date: 26/06/1987 Next review date: 26/06/2021 Former name(s): AUSTAL PTY LTD, AUSTAL SHIPS PTY LTD</p> <p>Status: Registered Type: Australian Public Company, Limited By Shares Locality of registered office: HENDERSON WA 6166 Regulator: Australian Securities & Investments Commission</p> <p> View Summary (PDF)</p> </div>					Rank	Shareholder	Number of shares	% of Total issued capital	Substantial shareholder	1	HSBC Custody Nominees (Australia) Limited	102,053,614	28.88%	Yes	2	J P Morgan Nominees Australia Limited	66,448,809	18.80%	Yes	3	Citicorp Nominees Pty Ltd	43,587,357	12.34%	Yes	4	National Nominees Limited	33,144,484	9.38%	Yes	5	Austro Pty Ltd	32,307,692	9.14%	Yes	6	BNP Paribas Nominees Pty Ltd	13,502,497	3.82%		7	Onyx (WA) Pty Ltd	6,600,000	1.87%		8	Mr William Robert Chambers	3,100,000	0.88%		9	BNP Paribas Noms Pty Ltd	3,049,314	0.86%		10	AMP Life Limited	2,682,848	0.76%		11	Mr Garry Heys & Mrs Dorothy Heys	2,044,670	0.58%		12	Mossisberg Pty Ltd	1,650,000	0.47%		13	CS Third Nominees Pty Limited	1,526,675	0.43%		14	Kenny Nominees (NT) Pty Ltd	1,207,881	0.34%		15	Lavinia Shipping Limited	1,141,000	0.32%		16	ACE Property Holdings Pty Ltd	900,000	0.25%		17	UBS Nominees Pty Ltd	813,051	0.23%		18	Gregory McKechnie	687,098	0.19%		19	Neweconomy Com Au Nominees	669,302	0.19%		20	Upora Pty Ltd	537,999	0.15%		Total		317,654,291	89.88%	
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[14] Institutional Ownership (Webpage)

Accessed 16/11/2020

<http://investor.austal.com/institutional-ownership>

Ownership Summary

TOP HOLDERS

Holder	Shares Held	% O/S	Share Change	Filing Date
Rothwell (John)	32,307,692	8.99	--	6/30/20
Vinva Investment Management Limited	17,471,924	4.86	-280,230	7/1/20
Macquarie Investment Management Ltd.	16,840,214	4.68	-4,638,817	6/2/20
BlackRock Investment Management (Australia) Ltd.	15,591,860	4.34	3,895,843	9/7/20
The Vanguard Group, Inc.	8,139,743	2.26	-168,470	9/30/20
BlackRock Institutional Trust Company, N.A.	5,757,743	1.60	206,586	9/7/20
Onyx (WA) Pty. Ltd.	5,600,000	1.56	-1,000,000	6/30/20
Dimensional Fund Advisors, L.P.	4,886,436	1.36	--	8/31/20
Vanguard Investments Australia Ltd.	4,071,399	1.13	31,436	9/30/20
Norges Bank Investment Management (NBIM)	3,140,284	0.87	-5,872,661	12/31/19

TOP HOLDERS: MUTUAL FUNDS

Fund	Shares Held	% O/S	Share Change	Filing Date
Vanguard Total International Stock Index Fund	4,703,635	1.31	-117,854	9/30/20
Vanguard Australian Shares Index Fund	3,508,924	0.98	32,741	9/30/20
Statens Pensjonsfond Utland	3,140,284	0.87	-5,872,661	12/31/19
DFA Asia Pacific Small Company Series	2,278,005	0.63	-253,112	7/31/20
Vanguard Developed Markets Index Fund	2,041,317	0.57	--	9/30/20
iShares Core MSCI EAFE ETF	1,870,664	0.52	14,250	10/31/20
AST Prudential Growth Allocation Portfolio	1,804,897	0.50	--	9/30/20
Florida State Board Administration Fund	1,639,967	0.46	1,279,449	3/31/20
iShares MSCI EAFE Small-Cap ETF	1,305,195	0.36	34,484	10/31/20
TIAA-CREF Quant International Small-Cap Equity Fund	1,232,000	0.34	--	9/30/20

* Insider values reflect direct beneficial ownership.

[12] Financial Times Markets Data (Webpage)

Accessed 31/10/2019

<https://markets.ft.com/data/equities/tearsheet/summary?s=ASB:ASX>

Austal Ltd ASB:ASX 				
Industrials > Industrial Engineering				
PRICE (AUD)	TODAY'S CHANGE	SHARES TRADED	1 YEAR CHANGE	BETA
4.18	↑ 0.08 / 1.95%	1.15m	↑ 133.52%	0.3053
<small>Data delayed at least 20 minutes, as of Oct 31 2019 05:10 BST.</small>				

Question		
9.4 Does the company publish a percentage breakdown of its defence sales by customer?		
Score		
0		
Comments		
<p>There is no evidence that the company publishes information about its defence sales in the form of a percentage breakdown by customer. The company mentions some of its main customers in its Annual Report and on its website, but it is not clear whether these represent commercial or defence customers (or both), nor does it provide further information to indicate the percentage sales per customer.</p>		
Evidence		
<p>[16] Annual Report 2019 (Document) Accessed 10/04/2020 http://investor.austal.com/static-files/135a4c3a-10f5-407e-8631-db3573410bbe [p.74]</p>		
	2019	Restated ¹ 2018
	'000	'000
Revenue from external customers		
By geographical location of customers		
North America	\$ 1,472,679	\$ 1,160,944
Europe	150,922	99,767
Australia	108,647	104,525
Asia	81,059	21,032
South and Central America	36,050	-
Middle East	1,664	3,882
Total	<u>\$ 1,851,021</u>	<u>\$ 1,390,150</u>
<p>One customer in the USA segment contributed revenue of \$1,472.679 million during FY2019 (FY2018: \$1,160.944 million).</p>		
<p>[p.75] III Reportable segments The reportable segments are:</p>		
<p>1. USA The USA manufactures high performance aluminium defence vessels for the US Navy and provides training and on-going support and maintenance of these high performance vessels to the US Navy.</p>		
<p>2. Australasia Reporting of Austal's Australia, Philippines, Vietnam, Aulong Joint Venture and Muscat operations is combined into a single Australasia reporting segment. These locations act as a single business unit for tendering, scheduling, resource planning and management accountability.</p>		
<p>The Australasia business manufactures high performance vessels for markets worldwide, excluding the USA, and provides training, on-going support and maintenance for high performance vessels.</p>		
<p>[13] Our Customers (Webpage) Accessed 31/10/2019 https://www.austal.com/our-customers Austal has designed and delivered - and continues to construct - more than 300 vessels for over 100 clients in 54 countries, since 1988. Our customers include the world's leading defence fleet operators, including the U.S. Navy, Australian Border Force and Royal Australian Navy - and commercial operators including Fred.Olsen SA, Molinslinjen, Condor Ferries and SNC Aremiti.</p>		

The company has grown to become a true global leader in high speed aluminium vessel design and construction and has developed some of the world's most iconic and impressive ships, such as the Littoral Combat Ship (LCS), Expeditionary Fast Transport (EPF) and the Auto Express 127 and 102 Trimarans.

A key element in Austal's success has been (and continues to be) the ability to deliver customised vessel, systems and support solutions to customers. We listen to our customers and develop tailored solutions to not only meet their needs but exceed expectations. This level of service has led to a number of repeat customers including the Australian Border Force and the U.S Navy.

As a prime defence contractor and global shipbuilder, Austal can develop major naval and other defence vessel programs for navies, defence forces, security agencies and coastguards located around the world. We have the skills, experience and capabilities to deliver advanced ships, systems and support services from our shipyards and support centres located in the United States of America, Australia and around the world.

Austal's portfolio of commercial vessels, including passenger and vehicle-passenger ferries, offshore vessels and windfarm vessels demonstrate the broad capabilities of our group to design and construct vessels for a variety of commercial purposes. With commercial shipbuilding and support facilities in Australia and the Philippines, Austal is well placed to deliver vessels for customers, worldwide.

Austal's customers include;

- US Navy
- Australian Border Force
- Royal Australian Navy
- Commonwealth of Australia
- Royal Navy of Oman
- Caspian Marine Services
- Swire Pacific Offshore
- Molslinjen
- Fjordline
- Fred Olsen SA
- FRS of Germany
- Condor Ferries

10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score
N/A
Comments
N/A
Evidence

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
N/A
Comments
N/A
Evidence

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
N/A
Comments
N/A
Evidence

Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
N/A
Comments
N/A
Evidence

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
N/A
Comments
N/A
Evidence

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Document	Corporate Governance Statement - 2019	30/10/2019	http://investor.austal.com/static-files/cc2d55a1-dac4-4f7f-b62d-cfd36337a68e
02	Webpage	Principle 1: Lay solid foundations for management and oversight	30/10/2019	http://investor.austal.com/principle-1-lay-solid-foundations-management-and-oversight
03	Document	Audit and Risk management Committee Charter	30/10/2019	http://investor.austal.com/static-files/f6a0570a-3c6d-4a4c-bd90-b00d153349ef
04	Webpage	Principle 7: Recognise and manage risk	30/10/2019	http://investor.austal.com/principle-7-recognise-and-manage-risk
05	Document	Director's Code of Conduct	30/10/2019	http://investor.austal.com/static-files/a07f0e0d-6189-441e-9fac-9c9893c662f6
06	Document	Manager's Code of Conduct	30/10/2019	http://investor.austal.com/static-files/6f464f1c-a368-4d5d-bc24-626685701179
07	Document	Annual Report 2018	30/10/2019	http://investor.austal.com/static-files/6aa9d4f2-2a67-4416-a56c-dbf792a15f09
08	Document	Environmental, Social and Governance Report 2019	30/10/2019	http://investor.austal.com/static-files/ed43d5cb-5f42-4f28-bd86-d101d4364033
09	Webpage	Suppliers	30/10/2019	https://www.austal.com/suppliers
10	Webpage	Supplying to Austal Australia	30/10/2019	https://australia.austal.com/supplying-austal-australia
11	Document	Purchase Order Terms and Conditions	10/04/2020	https://australia.austal.com/sites/default/files/00-images-philippines/PDF/Purchase%20Orders%20Terms%20and%20Conditions.pdf
12	Webpage	Financial Times Markets Data	31/10/2019	https://markets.ft.com/data/equities/tearsheet/summary?s=ASB:ASX
13	Webpage	Our Customers	31/10/2019	https://www.austal.com/our-customers
14	Webpage	Ownership Summary	10/04/2020	http://investor.austal.com/institutional-ownership
15	Document	Whistleblower Protection Policy	10/04/2020	http://investor.austal.com/static-files/2d2b7da7-0ee8-4062-b116-85cf0388c617
16	Document	Annual Report 2019	10/04/2020	http://investor.austal.com/static-files/135a4c3a-10f5-407e-8631-db3573410bbe
17	Webpage	Austal Giving	10/04/2020	https://www.austal.com/austal-giving
18	Webpage	Australian Securities & Investments Commission – Search registries “Austal”	16/11/2020	https://connectonline.asic.gov.au/RegistrySearch/faces/landing/SearchRegisters.jspx?_adf.ctrl-state=uiyfcxa87_4