



Sustainability Report 2023

BUILDING WITH PASSION + NAVIGATING WITH PURPOSE

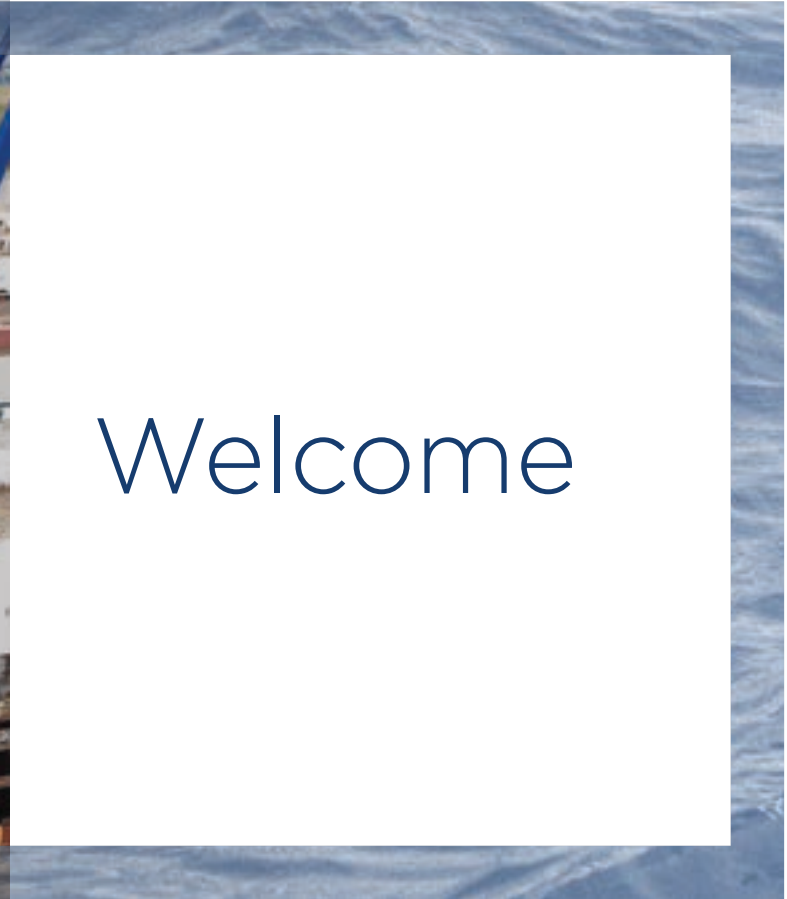






Contents

| | |
|--|----|
| Welcome | 4 |
| Letter from the President and CEO | 5 |
| Letter from the Vice President of Sustainability and Communications | 6 |
| 2023 Sustainability Highlights | 7 |
| About Us | 8 |
| Who We Are | 9 |
| Fast Facts | 9 |
| What We Do | 10 |
| Our CORE Values | 11 |
| Sustainability at Philly Shipyard | 12 |
| Health and Safety | 13 |
| Environment | 16 |
| Building Greener Ships | 20 |
| Our People | 22 |
| Labor and Human Rights | 28 |
| Community Involvement | 30 |
| Building on Our Foundation | 32 |
| Our Sustainability Journey | 33 |
| UN SDG Mapping | 34 |
| Stakeholder Analysis | 36 |
| Materiality Assessment..... | 40 |
| Targets for a Sustainable Future | 41 |
| Policies and Reporting | 42 |
| Governance | 43 |
| Risk Management | 44 |
| Policies | 44 |
| About This Report | 47 |





Steinar Nerbøvik

Letter from the President and CEO

It is my honor to share Philly Shipyard's inaugural sustainability report with you. This is both an exciting milestone and a significant waypoint for our company, as we set forth our commitment to building a more sustainable future.

At Philly Shipyard, we recognize sustainability as an ongoing journey — and it's one that we are navigating with a deep sense of passion and purpose. While shipbuilding is inherently energy-intensive work, we are evaluating our footprint and finding ways to reduce our environmental impact. At the same time, we continually strive to create opportunities for our employees, customers and communities.

Over the past two years, we laid a strong foundation for the journey ahead. We established a robust governance structure for sustainability and ESG with Board oversight and dedicated program management. We have started collecting crucial baseline data — including Greenhouse Gas (GHG) Scope 1 and 2 emissions — and will begin measuring our progress. We have begun the process of setting targets for the future to guide us forward with transparency and shared responsibility.

We see sustainability as a collaborative effort. Philly Shipyard is proud to support customers and suppliers that want to build more environmentally friendly ships, including the LNG-fueled containerships and Subsea Rock Installation Vessel for offshore wind farms that are in our backlog today. You'll learn about these projects and more in the pages that follow. By working together, we are truly making strides to develop capabilities around advanced technologies and implement sustainable solutions throughout the design and construction process.

Just as important as our commitment to the planet is our commitment to the people who proudly power our craftsmanship. Within this report, we amplify our team's achievements and showcase our efforts to increase the diversity of our workforce, support professional advancement and give back to our community in ways that matter. We also hold firm in our commitment to safety and continue to work as One Shipyard to minimize workplace incidents and injuries.

As you explore this report, you will see what we've accomplished so far and what is on the horizon for Philly Shipyard. I have no doubt that you will feel the passion driving each program

and initiative. This passion flows from our CORE values, which uphold our commitment to acting as environmental stewards, creating an inclusive work environment and taking care to protect one another.

With a steady focus on developing a workforce and organization for the future and an unwavering commitment to sustainability as our guiding force, we are confident that Philly Shipyard can navigate steadily toward a brighter future for generations to come. We're eager to invite you along on this important journey with us.

Yours truly,

A handwritten signature in blue ink that reads "Steinar Nerbøvik". The signature is fluid and cursive, written in a professional style.

Steinar Nerbøvik
President and CEO



Kelly Whitaker

Letter from the Vice President of Sustainability and Communications

This past year at Philly Shipyard has been one of the most invigorating in our history. At every level, our team has come together to chart our course toward a strong, sustainable tomorrow. To us, that means not only shrinking our environmental impact but also strengthening our culture and empowering our workforce to drive change.

As Philly Shipyard's first Vice President of Sustainability and Communications, I have the privilege of guiding our journey with incredible support from leaders across the organization. Every day that I walk into the yard, I feel honored to head this critical charge. The commitment and perseverance shown by leadership and our employees have been a constant inspiration to me over my 15+ years with the company — and a testament to what we can achieve together.

This report serves as a profound launching point for our sustainability program. Leading up to this moment, we deepened our own understanding of Philly Shipyard's environmental and social impact to concentrate our

efforts where they will make the most meaningful difference. Now, with ambitious ideas for emissions, safety, workforce, diversity and beyond, our work continues.

I'm proud of what we've accomplished to date. We rolled out a comprehensive Code of Conduct for all employees and a Supplier Code of Conduct to ensure responsible practices throughout our supply chain. With people at the center of our strategy, we held in-person diversity, equity, inclusion and belonging (DEIB) training for leaders and managers to foster a more inclusive environment for all. We also hired a dedicated DEIB and Culture Strategist to help nurture our culture of belonging at Philly Shipyard. Meanwhile, our robust apprenticeship program continues to build a skilled local workforce, providing opportunities for more individuals in our communities.

As we move forward, we are evaluating our operations through the lens of caring for the environment. To reduce energy consumption, we have already begun converting to LED lighting across Philly Shipyard. Additionally, we have implemented a comprehensive recycling program for resources like wood and metal to divert waste from landfills.

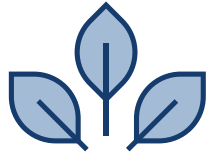
Each step adds up on this journey, which you'll learn about more fully throughout this report.

Sustainability is not checking boxes to us — it's an ongoing promise to our people and our planet. As long as we keep challenging ourselves to evolve and be a little bit better every day, we're on the right track for a more sustainable tomorrow.

With care,

Kelly Whitaker
VP of Sustainability and
Communications

2023 Sustainability Highlights



Environment

89.4 % of Waste Recycled

Calculated Baseline GHG Emissions for Scope 1 and 2

65 % of Lighting Converted to LED



Social

2.71 Recordable Injury Rate

40 % of New Hires are Minorities

Ratified Four-Year Collective Bargaining Agreement with Unions

50 % of Board of Directors are Female

All Managers Completed DEI Training



Governance

Established Sustainability Governance Structure

Issued Code of Conduct to All Employees

Expanded Whistleblower Hotline to Provide Access to External Parties, Such as Contractors and Suppliers

Assessed Top Suppliers for Human Rights Risks

Rolled Out Supplier Code of Conduct to All Suppliers



Who We Are

Philly Shipyard, Inc. is a leading U.S. shipbuilder of large ocean-going vessels for commercial and government clients. Established in 1997, the Shipyard was developed into a state-of-the-art manufacturing facility after the Philadelphia Navy Yard ceased operations in the early 1990s. Today, we have a proven record of success — delivering nearly half of all large ocean-going U.S. Jones Act commercial ships since 2000. Aker Capital AS is the majority owner of Philly Shipyard which is listed on Euronext Expand Oslo (Oslo: PHLV).

We're passionate about our city — our 118-acre facility is located in South Philadelphia, Pennsylvania, sitting at the confluence of the Delaware and Schuylkill rivers, providing ready access to the Atlantic Ocean. Our workforce of approximately 1,600 personnel on site embodies Philadelphia's grit, tenacity and energy.

We are committed to operating sustainably and responsibly for the benefit of our stakeholders, including our customers and employees. As part of our CORE values, we aim to work safely, act as environmental stewards, create an inclusive and diverse workforce and help our communities succeed. This sustainability report is one of our first steps to becoming a more sustainable shipyard and opening our doors to a more transparent future.

A Look Back at What We've Built and Repaired:

New Builds

- 1 National Security Multi-Mission Vessel
- 2 Crude Oil Tankers
- 6 Container Vessels
- 22 Product Tankers

Repairs

- 2 U.S. Maritime Administration Vessels
- 1 Military Sealift Command Vessel

1,679 Personnel On Site

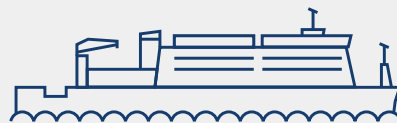
\$441.8M Annual Revenue

\$1.7B Backlog

1997 First Year in Operation



What We're Building Now:



4

National Security Multi-Mission Vessels



1

Subsea Rock Installation Vessel



3

LNG-Fueled Container Vessels

What We Do

At Philly Shipyard, we build state-of-the-art maritime vessels. Whether we're building a training vessel for future mariners or a rock installation vessel for wind turbine installation, we're dedicated to evolving our know-how and delivering on our commitments.

Government Projects

Philly Shipyard has been awarded contracts for the construction of multiple National Security Multi-Mission Vessels (NSMV) for the U.S. Department of Transportation Maritime Administration's (MARAD) program. This includes a contract for two training vessels secured in April 2020, with two additional awards following in 2021 and one in 2022. These vessels will provide a purpose-built, state-of-the-art training platform for the state maritime academies in New York, Massachusetts, Maine, Texas and California. The NSMV ships feature numerous instructional spaces, a full training bridge and space for up to 600 cadets to train in a first-rate maritime academic environment at sea. Each ship will also feature modern hospital facilities, a helicopter pad and the ability to accommodate up to 1,000 people in times of humanitarian need.

Commercial Projects

From container ships to product tankers, Philly Shipyard has delivered 30 commercial vessels to clients since its inception. Our clients include Matson Navigation Company, Crowley Maritime, American Shipping Company, SeaRiver Maritime and Kinder Morgan. Since 2000, we have delivered almost 50% of all large oceangoing commercial Jones Act vessels.

Current commercial projects include:

One Jones Act-compliant Subsea Rock Installation Vessel (SRIV) for Great Lakes Dredge & Dock Company, which when complete, will be the first ship of its kind to enter the U.S. offshore wind market.

Three Aloha Class LNG-fueled containerships for Matson Navigation Company, which will operate on either conventional marine fuels or liquefied natural gas (LNG) and incorporate other green ship technology, supporting the customer's goal to reduce greenhouse gas emissions.

Repairs and Maintenance

Philly Shipyard also facilitates maintenance, repair, overhaul and conversion jobs and completed three government repair projects from 2019-2021.



In September 2023, Philly Shipyard delivered the first of five vessels for the NSMV program, *Empire State*, which will serve SUNY Maritime College.

The **Jones Act**, officially known as the Merchant Marine Act of 1920, is a federal law that regulates maritime commerce in U.S. waters and between U.S. ports. Its primary purpose is to promote and maintain strong American merchant marine activities.

The Act requires all commercial vessels transporting merchandise between U.S. ports — including between the continental U.S. and Alaska, Hawaii and Puerto Rico — to be built in the United States, owned, operated and crewed by U.S. citizens, and registered under the U.S. flag.

Our CORE Values

Philly Shipyard is a dynamic environment where people from all cultures and backgrounds come together to build best-in-class American vessels. To succeed and deliver on our commitments every time, we lean on our CORE values. This shared set of values helps us navigate to new, brighter horizons and drives us to build with passion and purpose.



CARING

We make safety personal and take ownership of protecting each other. We are united to ensure our coworkers, our company and our communities succeed.



ONE SHIPYARD

We are proud to be part of an inclusive work environment where all feel welcome. We build lasting cooperation based on respect and candid communication.



RESPONSIBLE

We are environmental stewards and take care to protect future generations. We do what's right simply because it's the right thing to do.



EVOLVING

We challenge ourselves and each other to be better than yesterday. We support change that moves the organization into diverse markets.



Sustainability at the Shipyard

As our world and the shipbuilding industry evolve, we embrace the opportunity to innovate and operate sustainably. It's a priority for our company and a responsibility we uphold to our stakeholders, customers and communities. Guided by our CORE values, we are committed to providing a safe and inclusive working environment, being environmental stewards to protect our workers and future generations, and possessing a continuous improvement mindset that allows us to be better than yesterday. With focused action, we will be prepared to build the sustainable ships of tomorrow and continue operating as a responsible organization and employer.

Health and Safety

Our commitment to employee safety begins with a commitment to their health and wellbeing. Philly Shipyard encourages employees to undergo health screenings, vaccinations, and regular check-ups to help identify health issues early and encourage proactive health management. We host yearly flu shot clinics to make vaccines easily accessible for those who wish to have them, offer yearly hearing screenings, and include wellness activities as part of our friends and family events. We believe having a healthy baseline strengthens our ability to be safe at work.

We make safety personal at the Shipyard and take ownership to protect each other. It is an essential message shared with employees from day one. One hurt teammate hurts all of us, and because of that, safety is at the forefront of everything we do. Our production employees begin every day with a safety muster, and our non-production staff begin every meeting with a safety moment. Our trades workers use pre-task cards at the start of every shift to evaluate the work ahead for hazards, confirm the use of proper personal protective equipment

(PPE), and ensure the right tools are being used and are in good working condition. Lastly, and perhaps most importantly, everyone in the Shipyard is empowered to stop work that appears unsafe. These opportunities create a psychologically safe space for employees to feel supported and have an opportunity for discussion and feedback.

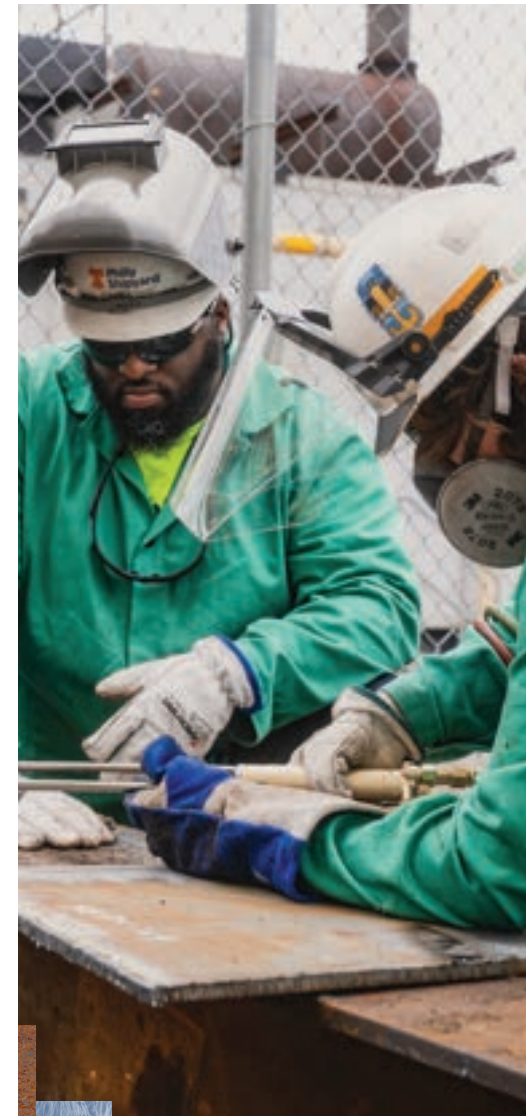
Despite these best practices, in 2023, a production worker suffered a fall-related fatality, the first in our history, and we will never be the same. We will continue to drive safety improvements through the yard with the unwavering focus of eliminating all incidents. One incident is one too many, and our goal will always be to eliminate all of them.

Shipbuilding presents many safety challenges, and we are pleased to maintain shipbuilding incident rates that are lower than the industry average, but we will continue to work to decrease our incident rates. Although we did see a slight increase in medical treatment cases in 2023, we were able to limit lost-time injury rates and significantly outperformed the industry average.

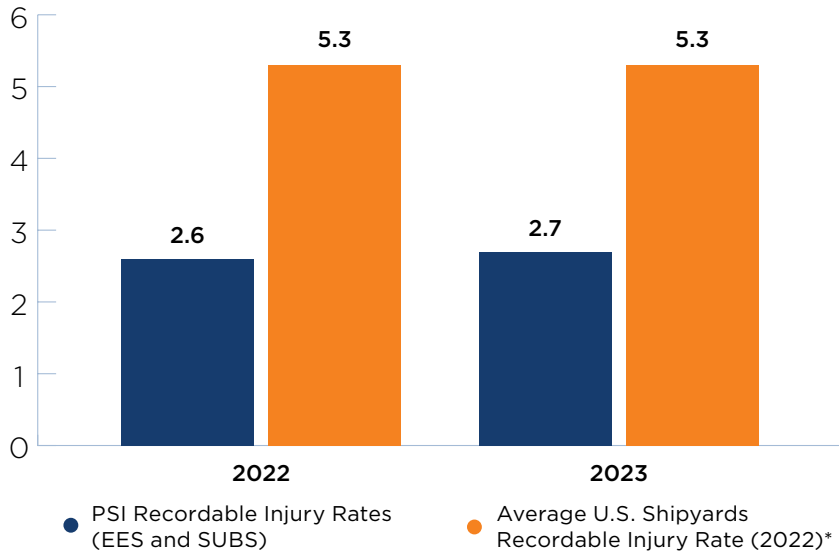
We work closely with the Union-Management Safety Committee to review and approve our Health, Safety and Environmental Programs. We are committed to continuous improvement and will regularly adjust processes and procedures to make the Shipyard a safer place to work.

To further advance our commitment to safety, the Health, Safety and Environmental team is working toward earning ISO 45001:2008 certification, which would provide a framework to manage and improve the Shipyard's health and safety performance. This certification is expected to bring improved safety culture, reduced workplace incidents, and enhanced reputation and trust to Philly Shipyard.

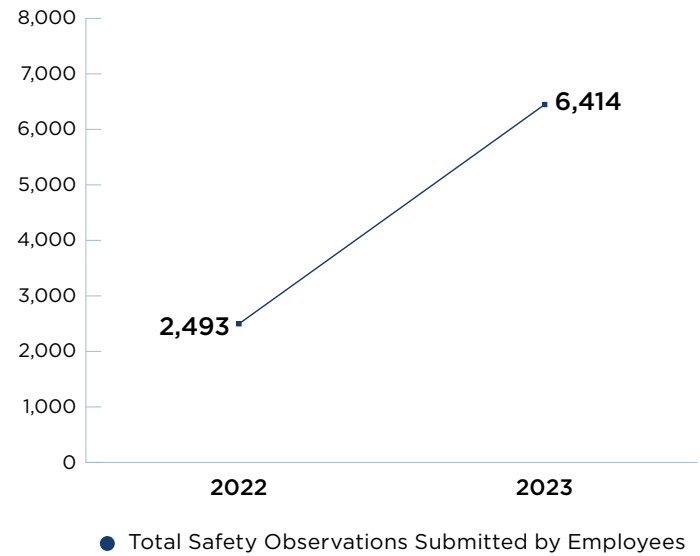
In 2023, Philly Shipyard added a bilingual trainer to the Health, Safety and Environmental team to train non-English speaking employees across the organization. Topics covered included shipyard safety, forklift operation, fire watch and more as part of 70 total trainings held throughout the year.



Safety Performance Far Exceeds Industry Average

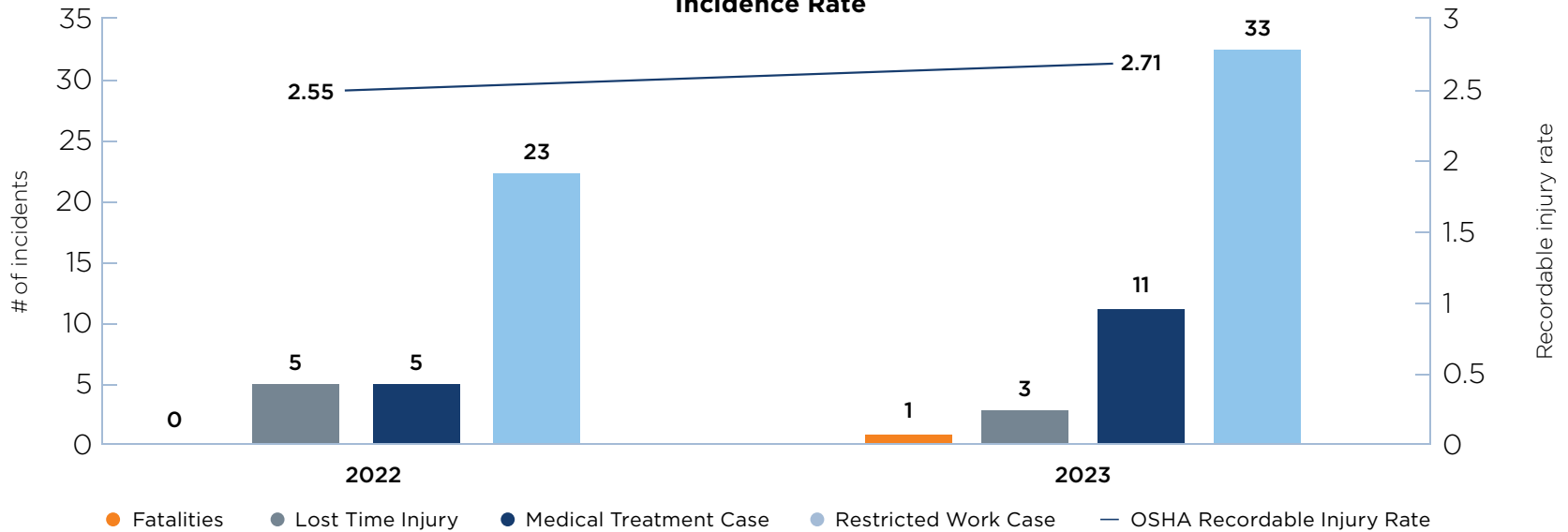


Safety Observations by Employees



Increased observations is a positive sign as the Safety Team uses these leading indicators to prevent incidents at the Shipyard

Incidence Rate



Incidence rates represent the number of injuries and illnesses per 100 full-time workers and were calculated as: $(N/EH) \times 200,000$, where N = number of injuries and illnesses, EH = total hours worked by all employees during the calendar year, and 200,000 = base for 100 equivalent full-time workers (working 40 hours per week, 50 weeks per year) *Source: U.S. Bureau of Labor Standards, NAICS code 336611

Fire Detection System Keeps Employees Safe During Shipbuilding

Fires are a very real danger during shipbuilding. If a fire breaks out on a vessel in the dry dock, it can spread rapidly, making it extremely difficult for firefighters to control and rescue workers trapped in the vessel.

In the United States, most shipyards rely on workers spotting a fire when it begins and yelling to notify colleagues to pull a fire alarm on the pier. We knew we needed to go above and beyond for Philly Shipyard and our CORE values. We partnered with a fire monitoring system vendor to create a portable Fire Management System (FMS) modeled after one commonly used in Europe.

The FMS system includes pull stations and portable smoke and heat sensors that can be erected in the ship where they are needed the most — namely, areas with electrical work and welding. The system can be modified for any workspace or type of work being done, and the sensitivity can be adjusted to accommodate varying scenarios. The stations and detectors connect to an electronic command center that will initiate audible alarms and flashing lights when triggered, alerting all personnel to the potential danger.

After completing a project, the FMS can be removed and applied to the next project — making it a sustainable solution to building a safer Shipyard.

“ Our new smoke alarm system is state of the art in the U.S. shipbuilding industry due to the investment cost, but here at Philly Shipyard, it was easy to get the support to fund such a project that plays a part in the overall success of Philly Shipyard’s Health, Safety and Environmental program.”

Carl Danley, Health, Safety and Environmental Director



New App Gets Employees Involved in Safety

Philly Shipyard adopted a new safety app to get more employees involved in the day-to-day processes that keep employees safe. SiteDocs, a mobile-friendly app, makes it easy for employees to fill out and submit documents like pre-task analysis forms, no-fall forms, incident reports, safety inspections, and even safety observations. The safety observation feature allows employees to submit a photo of the issue, explain the problem, and share a recommendation on how to remedy a potentially unsafe situation.

The app makes it simple for employees to complete the forms in real time and enables the Health, Safety and Environmental team to rapidly review and respond to issues as they arise, using push notifications to alert the entire staff if needed.

SiteDocs has unlocked a new level of recordkeeping, online collaboration, task tracking and analytics at Philly Shipyard to provide up-to-date safety trends and patterns analysis. The Health, Safety and Environmental team has been able to pinpoint insights such as the times of day when the most incidents occur and which teams have the most incidents, enabling them to provide additional training and supervisor involvement to address those patterns and take action to prevent injuries.



“ With SiteDocs, everyone is able to spend less time in their office on their computer and more time out in the field; and that’s where the change happens.”

John Carr, Health, Safety and Environmental Manager

Physical Security and Data Security

In the maritime sector, security is a critical priority — whether by safeguarding our physical assets and infrastructure, or ensuring that our data is protected from cyberattacks. Philly Shipyard maintains a level of Maritime Security (MARSEC) as established by the U.S. Coast Guard for vessels and regulated facilities such as ports and shipyards.

Philly Shipyard has also achieved Level 2 compliance with the information security standard of the Cybersecurity Maturity Model Certification (CMMC). These cybersecurity standards are set by the U.S. Department of Defense to protect sensitive data, requiring advanced protections such as two-factor authentication and encryption.

Employees serve as a critical line of defense against security threats. Philly Shipyard provides employees with training on cybersecurity so they can better recognize and mitigate information security threats in their daily work.

Environment

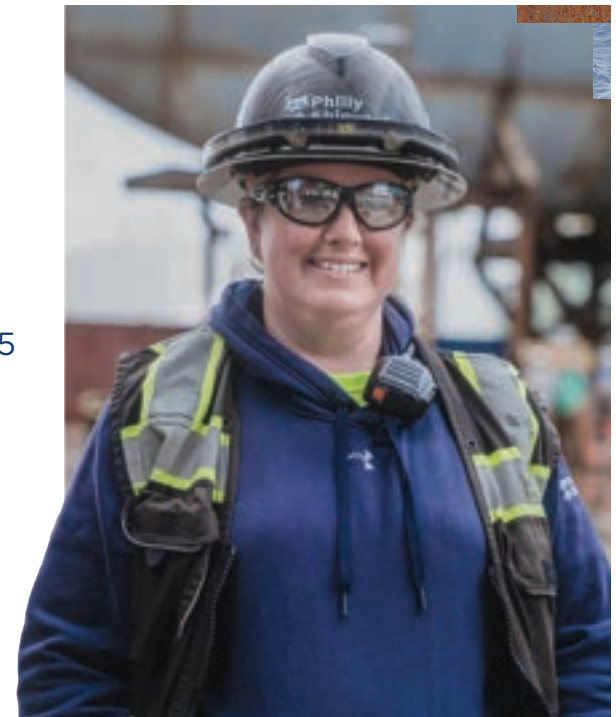
At Philly Shipyard, we resolve to be positive stewards of our environment and embrace continuous improvement. Whether safely returning fish and wildlife to the river after draining our docks or seeking innovative solutions to decrease emissions, we're committed to partnering with our clients and stakeholders to create more efficient and environmentally friendly operations.

We are currently pursuing ISO 14001:2015 certification to establish, implement, maintain and continually improve our environmental management system. Achieving this certification is expected to help improve the Shipyard's environmental performance and support resource efficiency, waste reduction and risk mitigation.



At Philly Shipyard, environmental responsibility isn't just a priority; it's embedded in our daily operations and future plans. From reducing emissions today to working towards our ISO 14001:2015 certification, we're committed to continuous improvement for a sustainable future.”

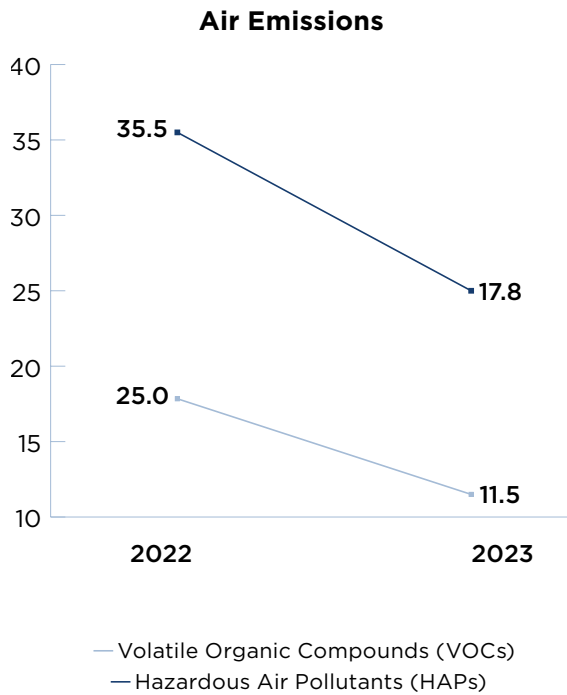
Julia Campos, Health, Safety and Environmental Manager



Emissions

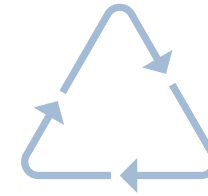
Reducing our air emissions, especially for volatile organic compounds (VOCs) and hazardous air pollutants (HAPs), is a material concern at Philly Shipyard. Following our first year of measurement, we significantly decreased both VOCs and HAPs.

We conducted an inventory of all refrigerant gases used at the Shipyard and selected a drop-in alternative refrigerant that is ozone-friendly, which will be our standard refrigerant going forward.

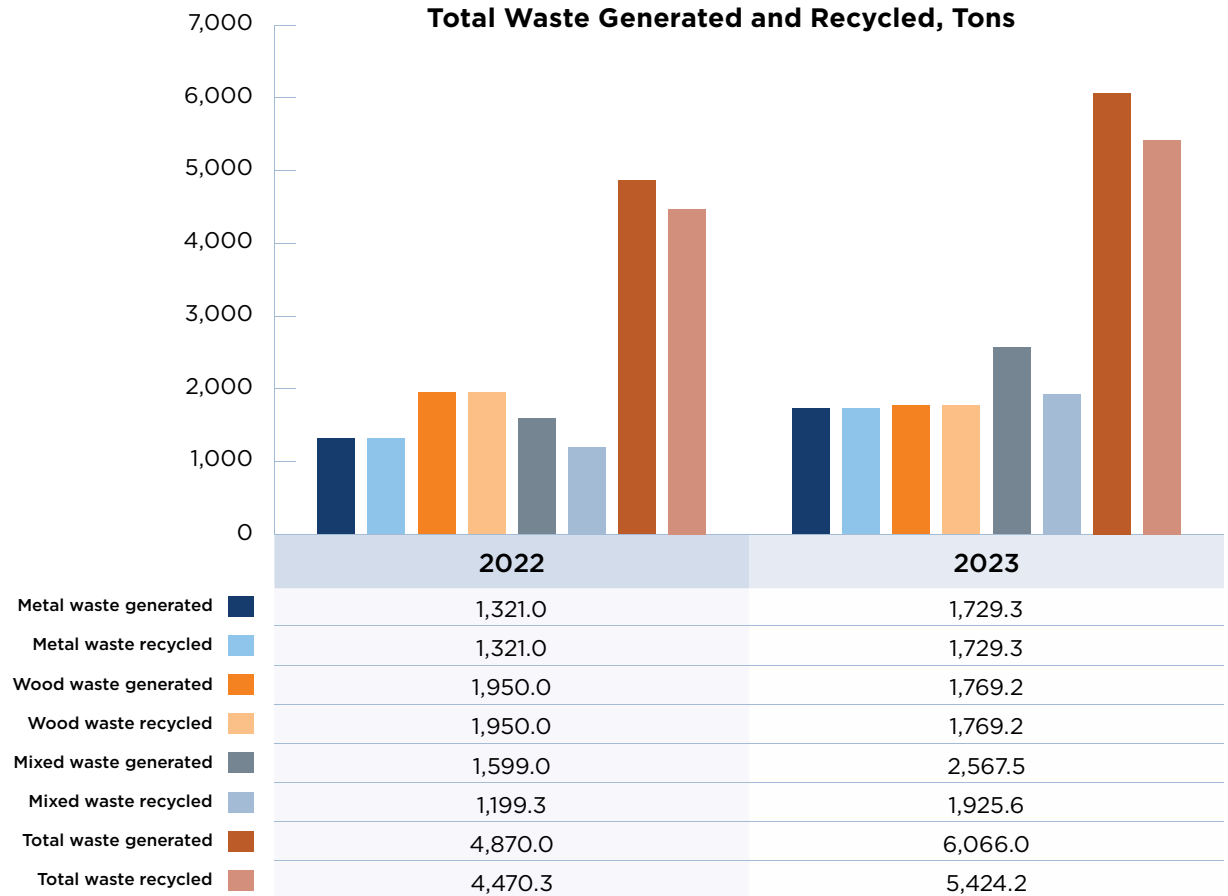


Recycling

We actively recycle materials and packaging, encourage reuse, and are looking to enhance our recycling programs in 2024 to divert as much waste as possible from landfills. In 2023, we recycled 100% of our scrap metal and wood waste and 75% of mixed industrial debris.



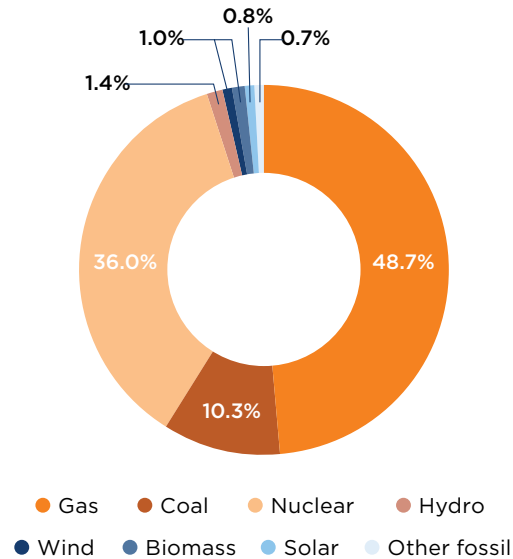
89.4%
of our waste was
recycled



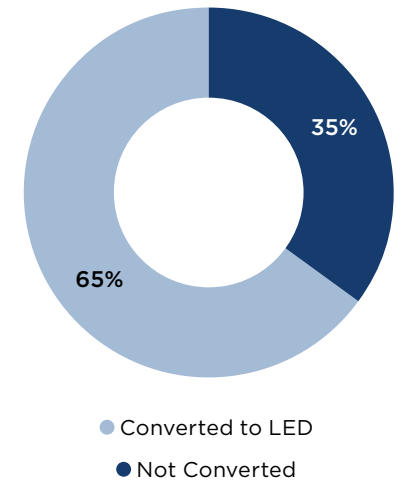
Energy Efficiency

Shipbuilding is an energy-intensive activity. Philly Shipyard has initiated a program to deeply analyze our energy use, improve energy efficiency and reduce emissions. We are exploring opportunities to electrify our operations and recently converted some facilities from diesel generator power to electric grid power. We also are evaluating solar panels, as well as battery-powered forklifts and utility vehicles. To further improve energy efficiency, we transitioned 65% of the Shipyard's lighting to LED. Looking ahead, we will continue to evaluate ideas that can improve the footprint of our operations.

Scope 2 Emissions by Fuel Type



Shipyard Lighting (% Converted)



New CO₂ Leak Detection System Reduces Emissions

Purchased at the end of 2023, the Fluke ii900 Acoustic Imager system jumped into action. The system identifies leaks and calculates potential losses based on the gas type. In its first month, the system identified a leak that, if it had gone unnoticed, would have unnecessarily released CO₂ into the air. "Changes like this energize the rest of the organization to make positive changes," said Ralph Greco, Maintenance Manager. The Maintenance Department plans to expand its use in 2024 by training additional employees to use the system to identify and address leaks.



“

At Philly Shipyard, we believe in our ability to chart a course toward a more sustainable and efficient maritime industry. We appreciate that many of our customers have similar values and are investing in building a modern fleet, which allows us to employ cutting-edge technologies to reduce emissions and increase efficiency for their ships.”

Thomas Grunwald, Senior Vice President

Coastal Hazards

Because Philly Shipyard is located on a tidal riverfront, we are attuned to risks related to climate change. Coastal hazards and extreme weather can disrupt shipyard operations in a number of ways including flooding, storm surge, erosion, wind, extreme temperature highs and lows, and sea level rise.

To ensure the safety of our people and facilities in the event of climate-related disruptions such as extreme weather, Philly Shipyard will shut down operations and safely store materials. We also develop contingency plans for each project to mitigate risks of disruptions related to climate risks.

Climate Action

Philly Shipyard recognizes that climate change has and will continue to have significant impacts on the environment and society. Action is expected from all companies, and Philly Shipyard is committed to doing its part to support a more sustainable future for generations to come.

The maritime industry, like other sectors in the global economy, is working to reduce greenhouse gas emissions and move away from fossil fuels to transition toward a low-carbon economy.

| GHG Emissions (MT CO ₂ eq) | | |
|---------------------------------------|-------|-------|
| | 2022 | 2023 |
| GHG Scope 1 | 5,943 | 5,011 |
| GHG Scope 2 | 7,267 | 8,609 |



Building Greener Ships

We aim to be a trusted partner to our clients as they embark on building tomorrow's fleet of sustainable and efficient vessels. As the maritime industry evolves and explores new routes to meet modern standards, we recognize the challenges our customers face — from uncertain regulations and lack of shore infrastructure to high upfront costs and the long life of vessels. We help our customers find innovative solutions to their environmental challenges and bring their ambitious visions to life when they are ready.

We are committed to developing future-focused offerings that empower our customers to operate more efficiently, as we partner to create a more sustainable maritime industry. We have deep expertise in executing advanced technologies that reduce ship emissions, including those outlined below.



Optimized Hull Form

Allows ships to travel with decreased resistance and fuel consumption while increasing their power efficiency and improving the carbon intensity index (CII) rating.



Battery Energy Storage System

With the application of a Battery Energy Storage System, ships are capable of peak load sharing to minimize the running of generators.



Alternative Fuel

LNG fuel is proven to lower CO₂ emissions by approximately 24%.



Advanced Tier 3 Engine Design

This type of engine decreases NOx emissions significantly.



Shaft Generator

Reduces fuel costs, cuts carbon emissions, reduces maintenance costs, and reduces noise levels.



Rudder Bulb with Twisted Rudder

Reduces the hub vortex and produces an approximately 2% efficiency gain.

Subsea Rock Installation Vessel

In July 2023, Philly Shipyard cut the first sheet of steel for the nation's first Jones Act-compliant Subsea Rock Installation Vessel. Commissioned by Great Lakes Dredge & Dock Company, the specialized vessel is designed to transport and strategically deposit up to 20,000 MT of rock on the ocean floor, laying the foundation for building offshore wind turbines. The vessel will feature a battery energy storage system to optimize energy usage and other sustainable design elements. With an expected completion in 2025, the vessel will play a pivotal role in advancing the U.S. wind energy infrastructure and meeting the nation's offshore wind targets.





President and CEO Steinar Nerbovik with staff and crew at steel cutting ceremony for the nation's first Jones Act-compliant Subsea Rock Installation Vessel

Our People

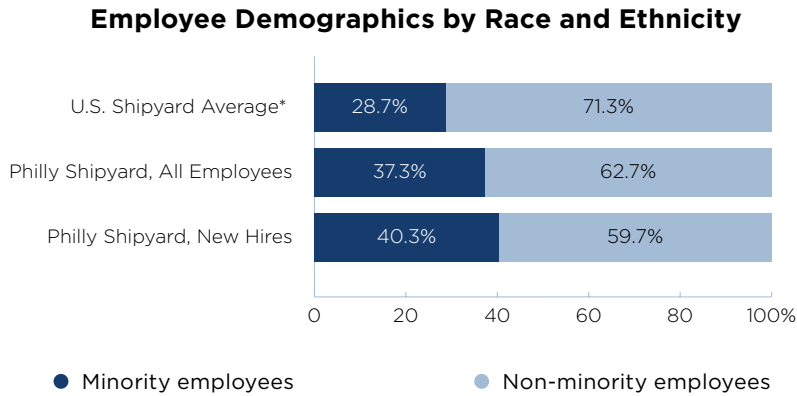
What sets Philly Shipyard apart is our people. With over 1,600 total team members, we've curated personnel across the business who embody Philadelphia's passion and grit, and we are continuing to expand our workforce through innovative outreach programs. Together, we seek new ways to foster a diverse and inclusive Shipyard, engage with our community, create a dynamic company culture, and empower our employees to learn and grow.



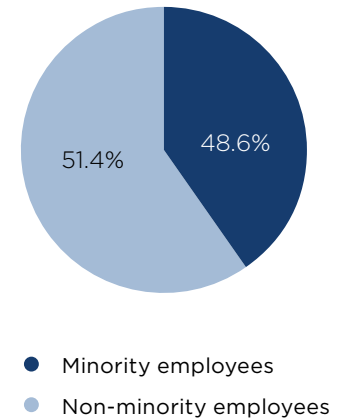
40% of new hires identify as a minority

Minority Employees

At 37.3%, our workforce is significantly more diverse than the industry average of 28.7%. We're looking to continue growing representation among employees at Philly Shipyard, as demonstrated by our 40.3% minority new hire rate in 2023.



New Hires by Race and Ethnicity



Diversity, Equity, Inclusion and Belonging

Diversity, equity, inclusion and belonging (DEIB) are part of our commitment to One Shipyard. In 2023, we hosted a six-hour in-person training for managers to begin formalizing our DEIB program at Philly Shipyard.

During the session, we focused on building a psychologically safe environment, fostering relationships rooted in vulnerability, and promoting a deeper understanding of colleagues across the business. The training also covered foundational aspects of DEIB, including discussions on bias, unconscious bias, and the

impact of microaggressions. The training will continue across the organization as we strive to improve working relationships by developing a cross-cultural understanding that fosters workplace belonging for minorities and employees at large.

In 2024, we're extending our commitment to DEIB by adding a new position, DEIB and Culture Strategist, that will focus on formalizing our DEIB processes, implementing new employee resource programs and integrating them throughout the Shipyard.

*Source: U.S. Bureau of Labor Statistics
In this report, "minority" refers to employees who self-identify as a race or ethnicity other than White.

Women in the Workforce

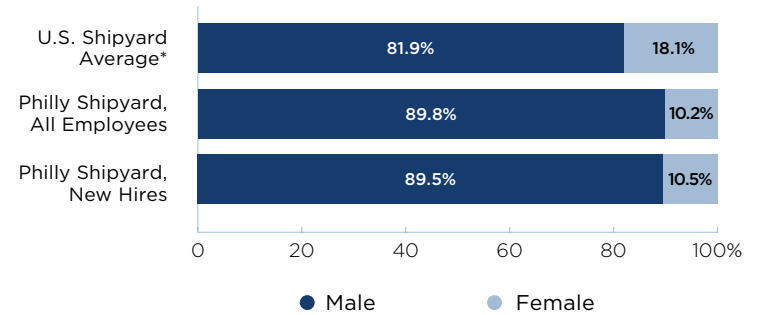
We're focused on making Philly Shipyard a welcoming and inclusive workplace for women. Programs like our women's employee resource group and Navigator mentorship program are designed to empower women at all levels throughout the organization. We've also partnered with Women in Non-Traditional Careers (WINC) and Women in Manufacturing (WIM) to support, increase and advance women's participation in construction and manufacturing careers.

The shipbuilding industry as a whole faces the challenge of attracting women to a traditionally male-dominated industry. We're dedicated to increasing the number of women in our workforce and have done so

by participating in government programs to inspire women in manufacturing, recruiting from schools with a higher percentage of women, and continuing to train supervisors, managers, and employees in accordance with our Equal Employment Opportunity policy.

Women hold key roles in our organization, such as Vice President of Communications and Sustainability, Director of Project Estimating and Cost Control, Controller, Accounts Payable Supervisor, Payroll Benefits Supervisor, Purchasing Manager, Production Supervisor, Training Manager, and Health, Safety and Environmental Manager. Additionally, 50% of our Board of Directors are women.

Employee Demographics by Gender



Lisa Brown, Apprentice, Goliath Crane Operator

You can spot the Goliath crane from miles away — the large, blue crane is synonymous with Philly Shipyard. When the Transportation team had an open position, Apprentice Lisa Brown was the first to raise her hand.

Following in her family members' footsteps, Lisa arrived at the Shipyard as a laborer in 2021 before officially joining the apprentice program in February 2022. After a year in the program, she knew she was most interested in crane operation, and before Lisa knew it, she was sky-high, 219 feet above the floor of Dock 4, training on Goliath. Lisa has already made history at the Shipyard as part of the Keel Laying Ceremony for the National Security Multi-Mission Vessel 3. She helped lower the first block of the vessel into the dry dock, a pivotal moment in assembling the first purpose-built ship destined for the Maine Maritime Academy.

For Lisa, her career journey from laborer to Goliath crane operator has been fulfilling. "This is where I wanted to be."



Workforce Development

At Philly Shipyard, we respect the demanding nature of our work and deeply appreciate our employees' dedication to their roles. Shipbuilding is a specialized industry that requires a highly skilled workforce. That's why we empower our workers to develop and refine their skills through robust training and mentorship, so they can continue to be among the best in the country. Our workforce spans generations, and we aspire to maintain a culture that nurtures the shipbuilders of today to build the sustainable ships of tomorrow.

“ When we started the Shipyard back in 1998, we had no employees. We had to build the local workforce from the ground up. Today, we partner with welding schools and support them by providing machinery, steel, welding wire and our shipbuilding curriculum. Our shipbuilding requires a specific type of welding that uses ceramic backing, which isn't common in the United States. Getting that into the curriculum of local schools has helped us build a skilled workforce of shipbuilders in the region.”

Michael Giantomaso,
Vice President Human Resources

Bill Hagerty, Frank Hagerty and Franklin Hagerty III

Bill Hagerty's journey at Philly Shipyard spans over 22 years, marking the beginning of a family legacy that has collectively contributed over 35 years to the organization. As he prepares for a well-deserved retirement from his role as a Transportation Coordinator, his brother Frank, a seasoned Transportation Worker with 11 years of experience, and Franklin, a skilled Maintenance Tech of 4 years, continue the family tradition. “Philly Shipyard is a great place to work — there's steady work, decent pay, we get to work outside, and nothing compares to seeing a ship pull away and knowing you had played a role in that,” Bill said.



“

When I stepped onto the Shipyard four years ago, I knew my family had set the bar high, and I just hoped to make them proud. I've started to pave my path and look forward to introducing my future children to the Shipyard. If we keep showing our family all the amazing benefits we have here, that shouldn't be a problem.”

Franklin Hagerty III,
Maintenance Technician

Recruiting

2023 was a year of growth and evolution for Philly Shipyard's recruiting processes. We set a target to hire 200 new direct employees, which we exceeded. The introduction of a new human resource information system, UKG, allowed our talent team to analyze their success in various activities, including phone screens, applicants, offers and accepted offers.

Apprentice Recruiting

- › Added a dedicated apprentice recruiter
- › Began offering on-site information sessions featuring a presentation and tour
- › Restructured program so apprentices begin immediately in production to increase retention

Engineering and Staff Recruiting

- › Expanded campus recruiting to colleges and universities drawing students to the Philadelphia area
- › Established a new relationship with the University of Michigan and its Naval Architect Program
- › Attended career fairs and events at historically black colleges and universities (HBCUs) to drive a more diverse pool of candidates

Employee Engagement

Our employees' energy and commitment are the fuel that propels our success. We want each member of our team to feel valued and regularly show our appreciation through employee recognition programs and celebrations. The following programs and events are emblematic of our multi-faceted employee engagement strategy.

Service Awards

We recognize our employees and their milestone anniversaries through a company luncheon and by gifting credits to the company store where employees can purchase a wide variety of apparel and goods.

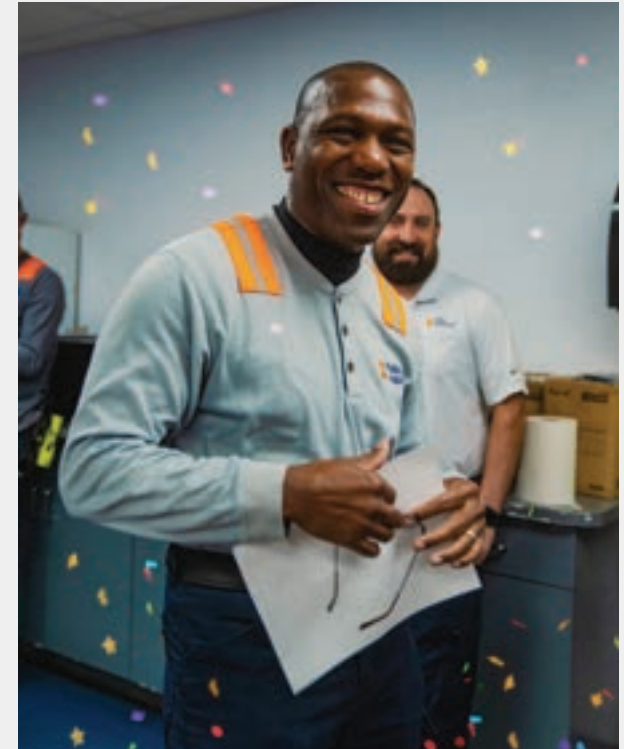
Team and Employee of the Quarter

Employees nominate their colleagues and a team to win this quarterly award. Each member of the winning Team of the Quarter receives a jacket commemorating their achievement, while the Employee of the Quarter receives a personalized award. All winners receive recognition on the announcements across the yard, a monetary bonus, and lunch with the CEO, executive team and the employees who participated in their nomination. An added bonus: They learn about their big win with surprise confetti and cupcakes!

The program has grown in popularity, with Q4 2023 generating the most nominations in the program's history.

Friends and Family Days

From time to time, we welcome our employees' friends and families for a day of fun at Philly Shipyard. We transform the Shipyard into a carnival with tents, food, games and ship tours so employees' families can learn more about what they do each day.





Apprentice Program

Celebrating its 20th anniversary in 2024, Philly Shipyard’s apprentice program is a 39-month competency program to bring people with little to no experience in manufacturing and train them to be competent multi-skilled shipbuilders who contribute to the success of the Shipyard.

The program consists of a mix of classroom and hands-on learning. Apprentices are full-time employees from day one, earning a salary, benefits and college credits through their work at the Shipyard — at no cost to them.



2,075 hours

Average apprentice on-the-job training

In 2023, Philly Shipyard added a dedicated recruiter for the apprentice program, which has delivered more quality candidates than ever before. Within a year of making this strategic hire, the Shipyard’s apprentice program saw applications double, and retention of new apprentices increased by 30% to an 81% retention rate.

Ahmad Yama Wali, Maintenance Technician

Ahmad joined Philly Shipyard in July of 2023 through a partnership with an immigration resettlement agency to employ Afghan refugees in manufacturing roles. Ahmad has a degree in electrical engineering and worked as a technical advisor in Afghanistan. Those skills transferred directly to the Shipyard’s maintenance roles, and Ahmad was quickly promoted to a final level Maintenance Technician.

We worked diligently to help Ahmad and his colleagues be successful at the Shipyard by working closely with them through the application and interview period, keeping much of the group together for translation support and sense of community, and providing food options to fit dietary requirements. It was important that we understood their individual needs and helped them feel connected and included.

At Philly Shipyard, we’re big on first chances, second chances and new starts and were happy to welcome Ahmad to the Shipyard.



“ My time at Philly Shipyard working in maintenance has been a powerful experience. I’ve felt supported by the Shipyard, formed connections with my colleagues, and begun to build a home in the Philadelphia area. I’m looking forward to continuing to build my career here.”

Increasing Apprentice Program Accessibility

Once an applicant passes the initial evaluation process, they must complete a mechanical aptitude test. Although this is an integral part of the hiring process, the administrative cost has been a barrier for some. Therefore, we have introduced vouchers to waive the test fee for applicants facing financial hardship and developed a study guide to assist with exam preparation. The support has been well received, helping motivated applicants pass the test and join the apprentice program.

Partnering with the Navy and Department of Defense to Engage Students with Shipbuilding

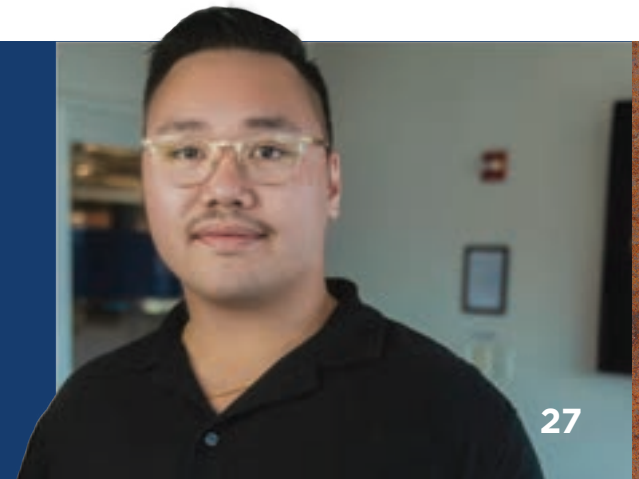
We partnered with the U.S. Navy and the Department of Defense to host the Pennsylvania Talent Pipeline Project and Project MFG's annual maritime welding competition and career exploration day. Students from nine technical training programs attended the event to learn about career paths in maritime manufacturing, such as welding, machining and logistics. The 32 competitors were tasked with welding a small submarine out of eight pieces of steel, which were then pressure-tested and scored accordingly. The event allowed students to gain real-world experience and exposure to the defense manufacturing space and a working shipyard.



Students participating in the Pennsylvania Talent Pipeline Project and Project MFG's annual maritime welding competition

“ Philly Shipyard’s apprentice program is a unique experience with a lot of different pathways that give each apprentice the opportunity to find out what they are really passionate about. We like to have people experience all of the elements of the Shipyard and find what they love, so they can best utilize their skills.”

Alex Dinh, Apprentice Recruiter



Labor and Human Rights

We believe all people share the same fundamental human rights. It is important to Philly Shipyard that our employees receive fair treatment and safe working conditions and are treated with dignity and respect – and we extend this expectation to our suppliers and vendors.

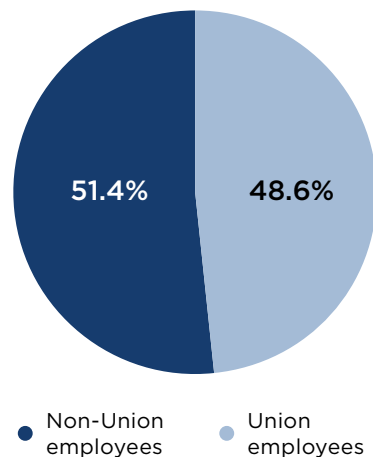
Collective Bargaining Agreement

We were pleased to ratify a new four-year collective bargaining agreement in 2023 with the Philadelphia Metal Trades Council (PMTTC), representing nine unions employed at Philly Shipyard. This agreement strengthened our partnership with PMTC by providing competitive compensation and attracting and retaining talent for shipbuilding projects while acknowledging that we are still navigating the challenges of COVID-19 and a national labor shortage. This agreement underscored our continued dedication to the apprentice program, fostering the growth of skilled workers and ensuring the future viability of the Shipyard.

Norwegian Transparency Act

Philly Shipyard is a Norwegian-owned company subject to the Norwegian Transparency Act. Introduced in 2022, it compels large businesses to assess potential risks like forced labor, inequitable working conditions, or unsafe environments in their supply chains and publicly report their efforts to address them.

Union and Non-Union Employees



From left: Mark Dickens (Business Representative, Operating Engineers, Local 542), James Hall (Vice President and Chief Shop Steward, PMTC), Mike Giantomaso (Vice President, Human Resources, Philly Shipyard) and Lou Agre (President, Philadelphia Metal Trades Council)



I'm proud of the Philadelphia Metal Trades Council's work at the Shipyard. We have a long-standing and productive relationship with Philly Shipyard leadership and we remain united to build a sustainable workforce for the future. We've worked together through community outreach and the apprentice program to fill critical roles for many years to come."

Lou Agre, President at Philadelphia Metal Trades Union

Employee Code of Conduct

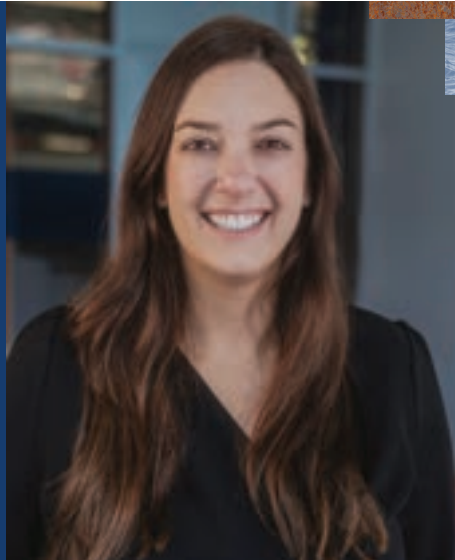
Philly Shipyard has a comprehensive Code of Conduct that includes policies on ethics and integrity, workplace responsibility, protecting the environment and promoting transparency. A copy of the Code of Conduct was provided to each employee during 2023, along with online training.

www.phillyshipyard.com/employees



Philly Shipyard is fully committed to adopting sustainable business practices throughout the entire supply chain, from the initial phase of awarding contracts all the way to the physical receipt of material. We rely on our supply base to operate and abide by the requirements in our Supplier Code of Conduct to help us succeed in operating a sustainable shipyard with an eye to the future.”

Rachel Caldarella, Purchasing Manager



Human Rights Risk Assessment

In response to the Norwegian Transparency Act, Philly Shipyard undertook a comprehensive supply chain risk assessment focused on human rights issues. The analysis reviewed stakeholder concerns and human rights standards across the maritime industry.

Working with an external consultant, we assessed our primary suppliers for country and sector-related risks using criteria such as histories of corruption or human rights violations. Our analysis revealed that most of our suppliers operate in countries and sectors with low modern slavery risks. We plan to continue engaging with our suppliers through our Supplier Code of Conduct and updated Terms and Conditions. We will continuously monitor for new risks and will do our due diligence so that our supply chain adheres to human rights regulations.

Whistleblower Hotline

We inform all employees and external partners about our 24/7 anonymous whistleblower hotline and encourage them to call with any concerns about unethical or suspicious conduct, including terroristic threats or unusual behavior.

Supplier Code of Conduct

Our CORE value of Caring extends beyond our Shipyard; that’s why we developed a Code of Conduct for our suppliers. By working closely with our value chain, we can drive positive progress in good governance — for the benefit of people, the planet and societies.

Rolled out in 2023, our Supplier Code of Conduct outlines our requirements and expectations of our suppliers and partners to:

- › Comply with all applicable laws and regulations, emphasizing ethical conduct and integrity — which includes zero tolerance for corruption, bribery and improper payments
- › Engage in fair competition, disclose conflicts of interest, and appropriately manage tax obligations, export controls and sanctions, lobbying and data protection practices
- › Uphold human rights, ensure health and safety in the workplace, and maintain fair employment practices, including compliance with labor laws, prohibition of child labor and forced labor and respect for unions
- › Align with our beliefs on diversity, equality, inclusion, anti-harassment and non-discrimination
- › Adopt sustainable practices, minimize environmental impact and reduce greenhouse gas emissions

www.phillyshipyard.com/supplierscoc

Community Involvement

At Philly Shipyard, our CORE values are not just words on paper — we live by them. Our dedication to Caring and One Shipyard is evident in the generosity and participation of our employees.

The needs and passions of our people and the community serve as the compass for our corporate giving and engagement. Whether an employee is going through a difficult time or a local nonprofit needs extra helping hands, the Shipyard and its employees come out in full force to raise money, donate time and provide support.

When an employee's child was diagnosed with cancer in 2023, Philly Shipyard employees rallied to raise money for UDance, the University of Delaware's dance marathon to raise money for The Andrew McDonough B+ Foundation and its mission to fight childhood cancer, provide financial and emotional support to families of children battling cancer, and fund critical research to end childhood cancer.

The Shipyard also partnered with the Parkway Run & Walk to host its 5K run and 2K walk for 10,000 participants, which raised more than \$1 million for pediatric cancer research and care at Children's Hospital of Philadelphia.

Community Volunteer Recognition

Philly Shipyard employees are active in our local community in countless ways. To celebrate this community spirit, Philly Shipyard recently launched a Community Volunteer Recognition Program.

Employees are invited to track and share their volunteer hours. Prizes are awarded to active volunteers throughout the year, in appreciation for all they do in the local community. Volunteers can also receive shout-outs internally and on social media to help spread the word and encourage more volunteers.





“

Our One Shipyard value is something that we really embody here. When it comes to anything or anyone in need, everyone acts as One Shipyard, one person, one group. They really do.”

Carol Samluk, Executive Administrative Assistant

Carol leads community engagement and philanthropic initiatives at Philly Shipyard.



Building on Our Foundation

Our Sustainability Journey

Philly Shipyard embarked on a strategic sustainability journey in 2022 with the development of a formal sustainability and Environmental, Social, and Governance (ESG) program. This included conducting a stakeholder analysis, identifying our material topics, and mapping our operations against the United Nations Sustainable Development Goals (UN SDGs) — laying a solid foundation for future progress. The results of these efforts are documented in the following pages.

Building upon this foundation in 2023, we achieved notable milestones. We established a formal governance structure for our sustainability program, outlined a data management strategy, collected baseline data for target setting, and expanded our reporting and disclosures in our ESG Statement.

This culminated in the publication of our very first sustainability report, a significant step toward increased transparency and accountability to our stakeholders. Looking ahead, we are actively preparing for future ESG disclosure requirements and continuously expanding our sustainability program. We remain committed to taking meaningful steps toward a better future for Philly Shipyard, our people, our partners and the environment.

2022

- › Facilitated stakeholder analysis
- › Mapped operations against the UN SDGs
- › Conducted materiality assessment

2023

- › Built sustainability and ESG program governance
- › Named first-ever VP, Sustainability and Communications
- › Expanded ESG reporting and disclosures in the Annual Report
- › Established KPI baselines, including GHG 1 and 2 emissions

2024

- › Establish the process for setting sustainability targets and goals
- › Publish our first sustainability report

UN SDG Mapping

To guide and inform our sustainability journey, we evaluated the United Nations Sustainable Development Goals (UN SDGs) to determine which aspects were most consequential to Philly Shipyard. We leverage the SDGs to set our priorities and sustainable strategies and will continue to reference them as we progress toward our own sustainability goals.



7 Affordable and Clean Energy

Philly Shipyard makes significant energy purchases each year, positioning itself to support the transition to affordable and clean energy through the electrification of various operations and shipbuilding activities and to contribute to the increased demand for renewable energy. The Shipyard has also expanded its capabilities to build vessels with lower air emissions and lower carbon fuels, which are in increasing demand by ship owners and designers alike.



8 Decent Work and Economic Growth

Philly Shipyard supports decent work and economic growth by creating high-quality jobs that offer a livable wage for our workers, with a strong focus on diversifying our workforce, providing equal pay for equal work, respecting labor rights, and providing extensive training, including our apprenticeships.



9 Industry, Innovation, and Infrastructure

As a leading U.S. shipyard, we align closely with industry, innovation and infrastructure through our participation in the redevelopment of the Philadelphia Navy Yard and continuous upgrading of the Shipyard's capabilities and digital technologies to meet modern standards.



12 Responsible Consumption and Production

We actively recycle materials and packaging to reduce waste and encourage reuse, and we are working to expand our recycling programs. Our commitment to responsible consumption and production is part of our CORE values and is evident in our strong environmental compliance track record.



13 Climate Action

Shipbuilding is an energy-intensive industrial manufacturing activity, so our energy use and greenhouse gas production are material. We are committed to quantifying and identifying ways to reduce our climate footprint, including through more energy-efficient technology and processes.



14 Life Below Water

With operations on the Delaware River, Philly Shipyard is committed to protecting our local waterways through responsible use of water within our docks and yard facilities. And as a builder of vessels for U.S. and international waterways, we share opportunities that promote sustainability by collaborating with clients and executing advanced technologies for more environmentally conscious ships.



“

Philly Shipyard is an historic fixture in Pennsylvania’s 5th congressional district. Not only does the Shipyard support our national defense, but it also bolsters our local economy by providing constituents with good paying jobs and career opportunities. I commend Philly Shipyard for prioritizing sustainability as it continues to serve as a leader in workforce development and key regional initiatives.”

**U.S. Congresswoman Mary Gay Scanlon,
Pennsylvania’s 5th Congressional District**

Stakeholder Analysis

Our operations and commitment to sustainability impact people and entities across our industry and the community in which we operate. Multiple stakeholders help shape our journey and drive positive change as we navigate toward a more sustainable future. We are committed to working with and for these groups to deliver impactful change at Philly Shipyard. Our stakeholders value transparency, and this sustainability report is the first step in allowing our audiences access to more information about the Shipyard, our actions and our plans.

The following pages outline our primary stakeholder groups, methods of engagement and the topics of concern that we address with each.



| Customers: Commercial | | |
|--|--|--|
| Channel for Dialogue | Topics of Interest | Measures and Activities |
| <p>Private-sector ship owners and operators come to Philly Shipyard to have ships built, including offshore wind servicing vessels, containerships, product tankers, ocean-going ship repairs and more.</p> <p>We engage and communicate with our commercial customers through our business development activities, attendance at conferences and trade shows, periodic meetings, and social media and website platforms.</p> | <p>Our commercial customers are most interested in design efficiencies, fuel type, the environmental footprint of operations and products, the quality of our work, our track record of successful deliveries, and our reputation for building good ships, as well as our safety and labor record.</p> | <p>We analyze our safety record and on-time and on-budget metrics against competitors as a business advantage and aim to meet or exceed government sustainability standards.</p> |
| Customers: Government | | |
| Channel for Dialogue | Topics of Interest | Measures and Activities |
| <p>Government organizations who need to have ships repaired or built come to Philly Shipyard, like our current MARAD project building training vessels for the National Defense Reserve Fleet and future projects.</p> <p>We work to serve our government clients through compliance with United States Coast Guard (USCG) regulations, a MARSEC secure site, a strong safety record, and a reputation for quality, low-cost and on-time deliveries.</p> | <p>Our government customers are most interested in our compliance with all rules and regulations, having the appropriate site security system and protocols, our HSE record, and our reputation for quality, low-cost and on-time deliveries.</p> | <p>We leverage our safety record, meeting contractual obligations, meeting or exceeding government standards for sustainability, and meeting government security standards for cyber and physical infrastructure security to guarantee a positive experience for these clients; we also meet federal contractor requirements and NIST approvals.</p> |



Elected Officials and Policymakers

We build and maintain relationships with city, state, and national government officials.

Channel for Dialogue

Philly Shipyard regularly hosts tours and site visits for elected officials, provides indirect advocacy through our industry trade association, and participates with customers to lobby Congress. We regularly include government officials in on-site events.

Topics of Interest

Our government officials and policymakers are most interested in creating jobs, our apprentice program, the economic output for our region, sustainability and environment and national infrastructure.

Measures and Activities

We look to our post-event social media metrics and visitor tours and requests, maintain regulatory compliance, build solid relationships with authorities, and explore opportunities for collaboration.

Employees

Our workforce of more than 1,600 people includes union and non-union employees, plus subcontractors for roles ranging from supplemental labor to skilled workers.

Channel for Dialogue

We interact with our employees through a variety of avenues, including standard email, bulletin boards, intranet, and more — but we also engage in CEO walk-and-talks, CEO State of the Union meetings, our PSI Navigators mentor program, ethics hotline, morning muster meetings, and periodic CORE events that connect back to our values.

Topics of Interest

Our employees are interested in workplace safety, training, job security and growth, diversity and inclusion, compensation and benefits, and community involvement.

Measures and Activities

We leverage employee surveys, exit interviews, employee touch points for new hires, and our mentor program to gain insights into our progress. We've also emphasized communication about our ethics hotline to build awareness and comfort with the platform.

| | | | |
|--|--|--|--|
| Industry and Trade Associations | | | We collaborate with the Shipbuilders Council of America (SCA) and the International Maritime Organization (IMO). |
|--|--|--|--|

| Channel for Dialogue | Topics of Interest | Measures and Activities |
|---|---|---|
| The SCA provides guidance to us and our ship owners on sustainability topics and awards and recognitions for safety records, and the IMO provides quality certifications. | The industry and trade organizations that we collaborate with the most are interested in sustainability topics related to shipbuilding, our safety record and quality certifications. | We explore future opportunities for advanced quality verifications and participate in activities and programs for the associations. |

| | | | |
|-----------------------------|--|--|---|
| Investors and Owners | | | Philly Shipyard is committed to maintaining an open and direct dialogue with its shareholders, potential investors, analysts, brokers and the financial community in general. |
|-----------------------------|--|--|---|

| Channel for Dialogue | Topics of Interest | Measures and Activities |
|--|---|---|
| As a listed company, we file disclosures with Euronext Expand Oslo, including quarterly and annual results. We publish minutes from the Annual General Meeting and regularly update the Investor section of the website. | Our investors and owners are interested in financial performance, enterprise risk management, compliance with governance requirements, ESG risks and opportunities, establishing metrics and goals, zero negative ESG incidents, and implementing eco-efficiency opportunities. | Through regularly engaging with our owners and investors on our priorities, we can communicate our goals, reporting, and disclosures, along with any new sustainability initiatives. We also prioritize staying educated regarding the evolving regulations and reporting requirements for Euronext-listed companies. |

| | | | |
|--|--|--|---|
| Philadelphia Industrial Development Corporation (PIDC) and the Navy Yard / Philadelphia Shipyard Development Corporation (PSDC) | | | PIDC is a public-private economic development organization that operates the Philadelphia Navy Yard and PSDC is a government-sponsored non-profit corporation that serves as the landlord of Philly Shipyard. |
|--|--|--|---|

| Channel for Dialogue | Topics of Interest | Measures and Activities |
|---|--|--|
| We regularly engage with PIDC-hosted press events and tours, workforce development partnerships, and sit on the Navy Yard Engagement Committee. | PIDC and PSDC are highly interested in Philly Shipyard being a good neighbor to other tenants in the region and all of Philadelphia by operating in an environmentally friendly way, recruiting a diverse workforce of local residents, and investing in training and development. | We look at social media metrics, event participation, people and businesses that visit the Navy Yard, and workforce development that occurs from partnership programs. |

Philadelphia Metal Trades Council

Our production employees keep the Shipyard running. They are largely represented by unions, including our plumbers, electricians, ironworkers, boilermakers, asbestos workers, sheet metal workers, machinists, laborers, operating engineers and painters.

| Channel for Dialogue | Topics of Interest | Measures and Activities |
|---|--|--|
| We work with the unions through union-management meetings, contract negotiations, human resources activities, grievances, arbitrations, and meetings with shop stewards and union leadership. Employees have direct access to the unions utilizing the on-site union trailer. | The Philadelphia Metal Trades Council is interested in the health and safety of our workers, workforce development, training, compensation and benefits, and new business development. | We examine our grievances and resolutions, retention, and seniority, and continuously work to improve our safety record. |

Regulatory Bodies

Our work is regulated by many organizations, including the Pennsylvania Department of Environmental Protection, the City of Philadelphia Air Management Service, the U.S. Environmental Protection Agency, the Occupational Safety and Health Administration, the American Bureau of Shipping (ABS) and the International Maritime Organization.

| Channel for Dialogue | Topics of Interest | Measures and Activities |
|--|--|--|
| We meet all regulatory filing guidelines and host in-person and virtual meetings, including site visits, audits and inspections. | Local and state regulators are most interested in the Shipyard's compliance with environmental permits and regulations, as well as emissions and energy use. | We set a measurement baseline with each regulatory body, then set goals for improvement and aim to reduce fines and infractions. |

Suppliers and Vendors

We work with a variety of suppliers regularly, including major suppliers located in the U.S., South Korea and Europe.

| Channel for Dialogue | Topics of Interest | Measures and Activities |
|--|--|---|
| We have regular meetings with our suppliers and collaborate on contract negotiations. All suppliers received a copy of the Philly Shipyard Supplier Code of Conduct in early 2024. | Our suppliers and vendors are concerned with our health, safety and environment records and labor relations, as well as pricing and terms. | Our relationship with suppliers and vendors is a two-way street of evaluating each other, incorporating policies in supplier terms and conditions, and expanding the system for tracking supplier agreements. |

Materiality Assessment

Our materiality assessment was conducted to determine the most important environmental, social, and governance (ESG) topics to Philly Shipyard's business and stakeholders. Through a series of surveys, benchmarking and research on ESG and industry standards, we identified the following as material topics.

Environment

Energy Efficiency:

Improving the energy efficiency of our operations and reducing energy usage.

Climate Change & Greenhouse Gas Emissions:

Identifying and addressing our impacts, risks, and opportunities regarding greenhouse gases and climate change.

Water Management:

Operating in a way that reduces our impact on water, including runoff and use of river water.

Air Emissions:

Reducing our emissions into the air, especially volatile organic compounds and hazardous air pollutants.

Waste Reduction & Recycling:

Managing our materials to minimize waste and maximize recycling.

Building Sustainable Ships:

Meeting our customers' needs for ships with improved sustainability and a lower environmental footprint.

Social

Employee Safety & Health:

Protecting the health and safety of our employees and subcontractors.

Recruitment, Retention & Workforce Development:

Attracting, retaining, and developing the skills of our workforce through learning and training.

Diversity, Equity, Inclusion and Belonging:

Promoting a diverse workforce and an inclusive work environment that values, respects and welcomes all team members.

Labor Relations:

Maintaining a solid and collaborative relationship with the unions that represent our workforce.

Human Rights:

Complying with local and international human rights standards, including eradicating modern slavery and child labor.

External Communications:

Engaging with our stakeholders openly and transparently.

Community Relations:

Supporting the needs of our local community through volunteer activities and contributions.

Governance

Ethics, Compliance & Governance:

Operating with the highest ethical integrity and in compliance with all applicable rules and regulations.

Quality:

Operating with a commitment to the highest quality standards and dedication to continuous improvement.

Sustainable Procurement & Supplier Responsibility:

Working with our suppliers to reflect our commitment to ESG and sustainability.

Transparency & Disclosure:

Demonstrating openness by disclosing information in a transparent way that builds trust with our stakeholders.

Risk Management:

Implementing a comprehensive risk management program to identify and mitigate enterprise risks.

Emergency Preparedness & Resilience:

Preparing our operations to prevent, respond to, minimize impact and recover from emergencies or crises.

Financial Performance:

Delivering economic performance that will sustain the Shipyard's operation for years.

Physical Asset & Infrastructure Security:

Securing our shipyard to protect assets and infrastructure.

Data Privacy & Security:

Securing our and our customers' information assets and improving cybersecurity to ensure confidentiality, data integrity and availability.



Targets for a Sustainable Future

Future-focused targets are an important way for companies to define their sustainability and ESG ambitions and to track progress in areas that have a positive impact on people and the planet. Targets also help focus the organization's attention and resources to drive continuous improvement on priority sustainability and ESG metrics.

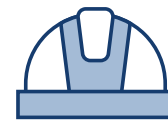
Philly Shipyard's management team participated in a workshop in April 2024 to begin the process of setting ambitious but realistic sustainability and ESG targets for the future. Leaders reviewed and discussed the Shipyard's material topics and sustainability performance, as well as the ESG targets of clients and peer companies in the shipbuilding sector.

During the workshop, leaders worked in small groups to define future-focused targets in key areas like safety, workforce, environment, and energy and climate. Work is expected to continue through 2024 and beyond to shape and define Philly Shipyard's targets for sustainability and ESG, with further engagement with stakeholders planned in the coming year.



Energy

Philly Shipyard can help address the critical challenge of climate change by implementing energy efficiency improvements to reduce our greenhouse gas emission intensity, and by developing resilience for climate-related risks in the future.



Safety

Philly Shipyard places the highest priority on safeguarding the health and safety of our employees and subcontractors, setting an ambitious target for improving our total recordable injury rate.



Workforce

Philly Shipyard aspires to meet societal expectations for a sustainable workforce, by developing and retaining our workforce, with an ambitious target to significantly improve our retention rate for Philly Shipyard employees and subcontractors.



Policies and Reporting

Governance

From our Board of Directors to internal staff, stakeholders across all levels of Philly Shipyard are essential in helping us achieve our sustainability goals. Our program leverages a top-down approach to set strategic direction while encouraging a bottom-up flow of information to ensure comprehensive sustainability efforts.

Vice President of Sustainability Role Introduced

In 2023, Philly Shipyard created the position of Vice President of Sustainability to lead and oversee our sustainability program strategy and execution. Kelly Whitaker was named the first Vice President of Sustainability and Communications and will direct our future sustainability initiatives.

| | | | | |
|---------------------------|--|---|--|--|
| Oversight | Audit Committee of the Board of Directors and CEO | | | |
| Program Leadership | Kelly Whitaker, Vice President of Sustainability and Communications | | | |
| Program Tracks | 1 Program Management and Target Setting sets priorities and drives overall progress in the sustainability and ESG program. | 2 Safety strengthens the employee safety program and provides a link to sustainability and ESG efforts. | 3 Environment manages and improves our environmental impacts related to water and air. | 4 Energy and Climate reduces our GHG footprint through energy efficiency, electrification and other efforts. |
| | 5 Waste and Recycling improves recycling of metals, wood, and other materials, and works to reduce waste. | 6 Supplier Responsibility drives the Sustainable Procurement program. | 7 DEIB and Employee Engagement enhances mentoring and recognition programs; designs, launches, and builds diversity and inclusion programs for employees. | 8 Workforce Development builds and invests in talent through recruitment and training. |
| | 9 Enterprise Risk Management and Compliance strengthens the ethics program with policy additions and updates; enhances enterprise risk management related to ESG. | 10 Community Relations increases engagement with local stakeholders and communities and recognizes our volunteers. | 11 Communications builds awareness of sustainability and ESG activities among stakeholders and drives engagement. | 12 Sustainability and ESG Reporting lays the groundwork for preparing future annual public reports using sustainability and ESG reporting frameworks. |
| Deliver | Internal staff professionals from Health, Safety and Environment, Communications, Human Resources, Procurement, and more, as well as external suppliers with expertise. | | | |



Risk Management

Philly Shipyard is exposed to a variety of risks that may negatively impact the company and its financial forecasts. These risks include unpredictable financial markets, continuously evolving and increasingly stringent environmental regulations and laws, operational disruption stemming from extreme weather events and natural disasters that have been aggravated by climate change, growing cybersecurity risks and more.

We employ a comprehensive enterprise risk management strategy to identify and assess potential and emerging risks, prioritize them based on likelihood and impact, and employ mitigation strategies to ensure the company's long-term sustainability. Risk management is carried out under policies and protocols approved by the Board of Directors, and any newly identified risks are communicated throughout the business so that plans can help minimize potential adverse effects on the Shipyard.

For a complete overview of the Shipyard's current risk landscape, consult www.phillyshipyard.com/2023AnnualReport.

Policies

For more information about Philly Shipyard and its policies, please view the following links.

www.phillyshipyard.com/employees

Includes:

- › Corruption and Bribery Policy
- › Conflict of Interest Policy
- › Whistleblower Procedure
- › Workplace Environment / Harassment Policy
- › Protecting the Environment

www.phillyshipyard.com/supplierscoc







About This Report

This is Philly Shipyard's first sustainability report, which serves to illustrate the Shipyard's commitment to sustainability and how we approach environmental, social, and governance issues. The report documents our performance and activities in the 2023 calendar year, unless otherwise noted. It was approved by the Board of Directors on July 12, 2024.

This report and additional information can be found at www.phillyshipyard.com/2023sustainability

Questions regarding our sustainability report can be sent to communications@phillyshipyard.com



Philly Shipyard ASA
© 2024 Philly Shipyard
All rights reserved.
phillyshipyard.com

