



ANTI-TRAFFICKING POLICY AND ANTI-TRAFFICKING COMPLIANCE PLAN

PURPOSE AND SCOPE

The U.S. Government forbids trafficking in persons and prohibits each Federal contractor and its employees, subcontractors, subcontractor employees, and their agents from engaging in trafficking-related activities. Austal is committed to efforts to help combat trafficking in persons. As part of that effort, Austal has adopted the U.S. Government's prohibition against trafficking in persons as set forth in FAR 52.222-50 as its Anti-Trafficking Policy. The Anti-Trafficking Policy, along with the Anti-Trafficking Compliance Plan, ensures that Austal employees are aware of (1) the U.S. Government's anti-trafficking prohibitions under applicable laws and regulations; (2) the consequences which may result from engaging in trafficking-related activities; (3) Austal's fair recruitment, wage, and housing practices; and (4) Austal's procedures for preventing employees, agents, subcontractors, subcontractor employees, and their agents from engaging in trafficking-related activities.

ANTI-TRAFFICKING POLICY

Pursuant to this Anti-Trafficking Policy ("Policy"), employees, agents, subcontractors, subcontractor employees, and their agents are forbidden from:

- engaging in severe forms of trafficking in persons;
- procuring commercial sex acts;
- using forced labor;
- destroying, concealing, confiscating, or otherwise denying access by an employee to his/her identity or immigration documents (e.g., passports or drivers' licenses), regardless of the issuing authority;
- using misleading or fraudulent practices during the employee recruitment or hiring process (e.g., failing to disclose, in a format and language accessible to the individual, basic information or making material misrepresentations regarding the key terms and conditions of employment, including wages and fringe benefits, the location of work, the living conditions, housing, and associated costs (if housing is employer or agent-provided or arranged), any significant cost to be charged to the employee, and if, applicable, the hazardous nature of the work;
- using recruiters that do not comply with local labor laws of the country in which the recruiting takes place;
- charging recruitment fees to the employee;

- failing to provide return transportation or pay the cost of return transportation upon the end of employment for an employee who is not a national of the country in which the work is taking place and who was brought into that country for the purpose of working on a U.S. Government contract or subcontract (for portions of contracts performed outside of the U.S.) or for an employee who is not a U.S. national and who was brought into the U.S. for the purpose of working on a U.S. Government contract or subcontract, if the payment of such costs is required under existing temporary worker programs or pursuant to a written agreement with the employee (for portions of contracts performed inside the U.S.) (exemptions apply where the employee is legally permitted to remain in the country of employment and chooses to do so, or where the employee is exempted by an authorized official of the contracting agency from the requirement to provide return transportation or pay for the cost of return transportation; unless an exemption applies, where the employee is seeking victim services or legal redress in the country of employment or is a witness in an enforcement action related to trafficking in persons, the provision of return transportation or the payment of return transportation costs shall be made in a way that does not obstruct the employee from seeking victim services, legal redress, or witness activity (e.g., the contractor shall not only offer return transportation to a witness at time when the witness is still needed to testify);
- providing or arrange housing that does not meet the host country's housing or safety standards;
- or, if required by law or contract, failing to provide an employment contract, recruitment arrangement, or other required work document in writing in a language the employee understands and detailing, at a minimum, the work description, wages, prohibition on charging recruitment fees, work location(s), living accommodations and associated costs, time off, roundtrip transportation arrangements, grievance process, and the content of applicable laws and regulations that prohibit trafficking in persons (where the employee is required to relocate to perform the work, prohibited activities would also include failing to provide the work document to the employee at least five days before the relocation.).

Violations

Any employee who violates this Policy will be subject to disciplinary action including but not limited to suspension and termination. Additionally, Austal will take remedial action against any agent or subcontractor who violates this Policy, including but not limited to cancellation of contract(s) and/or refusal to do business therewith. *For additional information on Subcontractor obligations, see the "Flow-Down" provision of this Policy, and the "Subcontractors" provision of the Anti-Trafficking Compliance Plan.*

Reporting Violations

Employees are required to report, without fear of retaliation or reprisal, any suspected or actual-trafficking-related activity or violation of this Policy. Reports of suspected or actual trafficking-related activity should be made to the Global Human Trafficking Hotline by phone at 1-844-888-FREE or email to help@befree.org; to any Human Resources Business Partner or Employee Relations Specialist by calling the Austal main line at 434-8000 and asking to speak with a Human Resources Business Partner or Employee Relations Specialist, or by direct dial or in person at any one of the following locations: Office Complex (1st Floor) – 445-1924; MMF2 (S5) – 445-1413 or 445-3759; or

Final Assembly (Bay 5) – 445-5128 or 445-1562; the Employee Relations Manager by telephone at 445-1900; or anonymously to Austal’s 24/7 anonymous hotline at 251-445-1957. All reports will immediately be forwarded to Austal’s Legal Department, which will make all required government agency notifications (as discussed below). All reports will be investigated, as led by the Employee Relations Department in conjunction with Austal’s Legal and/or Security Departments, law enforcement, and/or other government authorities, where appropriate.

Notification

Where Austal receives credible information of an allegation of a Policy violation by an employee, agent, subcontractor, subcontractor employee, or their agent, Austal shall immediately inform the Contracting Officer and the Department of Defense Inspector General (“DoDIG”). Furthermore, Austal will inform the Contracting Officer and the DoDIG of any action taken against an employee, agent, subcontractor, subcontractor employee, or their agent. Austal will, at a minimum, disclose to the DoDIG information sufficient to identify the nature and extent of an offense and the individuals responsible for the conduct; provide timely and complete responses to government auditors’ and investigators’ requests for documents; cooperate fully in providing reasonable access to its facilities and staff (both inside and outside the U.S.) to allow contracting agencies and other responsible Federal agencies to conduct audits, investigations, or other actions to ascertain compliance with the Trafficking Victims Protection Act of 2000, Executive Order 13627, or any other applicable law or regulation establishing restrictions on trafficking in persons, the procurement of commercial sex acts, or the use of forced labor; and protect all employees suspected of being victims of or witnesses to prohibited activities, prior to returning to the country from which the employee was recruited, and shall not prevent or hinder the ability of these employees from cooperating fully with government authorities.

Flow-Down

Austal flows-down the requirements of FAR 522.22-50 to its subcontractor and agent contracts, regardless of dollar value and at every tier.

ANTI-TRAFFICKING COMPLIANCE PLAN

This Anti-Trafficking Compliance Plan (“Plan”) is applicable to any portion of a contract that is for supplies, other than commercially available off-the-shelf items, acquired outside the U.S., or services to be performed outside the U.S., with an estimated value exceeding \$500,000. The standards herein may be modified from time-to-time to ensure appropriate and effective applicability dependent upon the size and complexity of a covered contract and the nature and scope of activities to be performed thereunder, including but not limited to considering the number of non-U.S. citizens expected to be employed and the risk that the contract or subcontract will involve services or supplies susceptible to trafficking in persons.

Recruitment, Wage, and Housing Plan

All wages paid to an employee will meet the applicable host-country legal requirements and be paid accordingly.

Austal will only use recruitment companies with trained employees.

Austal will not use any recruitment company that charges recruitment fees to the employee.

Where Austal provides or arranges employee housing, the housing arrangements will meet the host-country housing and safety standards.

Reporting Violations

Employees are required to report, without fear of retaliation or reprisal, any suspected or actual-trafficking-related activity or violation of the Policy or this Plan. Reports of suspected or actual trafficking-related activity should be made in accordance with the available reporting avenues set forth in the “Reporting Violations” provision of the Policy.

Awareness Program

Austal’s Anti-Trafficking Awareness Program (“Program”) will educate its employees about the details and requirements of the Policy and this Plan, including but not limited to the activities prohibited, the actions that will be taken against an employee who violates the Policy, procedures for reporting any known or suspected trafficking-related activity, and the details and requirements of this Plan. The Program will consist of, at a minimum, workplace postings and annual all-employee training. All new employees will receive training during new hire orientation. Additional information about anti-trafficking also can be found at any time at www.state.gov/j/tip.

Postings

Austal will post the relevant contents of this Plan at the workplace. Additionally, this Plan is posted in its’ entirety on the external company website and on the company intranet, and is available for review upon request made to any Human Resources Business Partner or Employee Relations Specialist or the Employee Relations Manager.

Austal also will make provision of the Plan as required by FAR 52.222-50(h)(4)(ii).

Certification

Austal will make all required certifications as required by FAR 52.222-50.

Subcontractors

As set forth in the Policy, Austal flows-down the requirements of FAR 52.22-50 to its subcontractor and agent contracts.

As a component of the flow-down requirements, all subcontractors and agents providing supplies (other than commercially available off-the-shelf items) acquired outside of the U.S. or services to be performed outside of the U.S. with an estimated value exceeding \$500,000 shall maintain a compliance plan meeting the requirements of FAR 52.22-50. Where a compliance plan is required, the subcontractor must, prior to the award of the subcontract and annually thereafter, certify that it has implemented a compliance plan to prevent trafficking-related activities and to monitor, detect, and terminate any of its agents, subcontractors, or subcontractor employees engaging in prohibited activities and, after having conducted due diligence, either: to the best of the subcontractor’s knowledge and belief, neither it nor any of its agents, subcontractors, or their agents is engaged in

any such activities; or if abuses relating to any of the trafficking-related activities have been found, the subcontractor or agent has taken the appropriate remedial and referral actions. The subcontractor or agent shall provide a copy of its compliance plan to Austal upon request.

Where a subcontractor or agent may be more susceptible to trafficking-related activities, where Austal has direct access, it may inspect the subcontractor or agent's workplace or any housing provided by the subcontractor or agent for any signs of trafficking-related activities. Where either there is a low risk of trafficking-related activities or the subcontractor or agent is remotely located (e.g., no direct access by Austal) or a lower tier, Austal will review the subcontractor or agent's compliance plan and certification to ensure the implementation of appropriate monitoring and reporting.

If an agent, subcontractor, subcontractor employee, or their agent fails to comply with FAR 52-222.50, the Policy, and/or this Plan, as appropriate and applicable to each, Austal will take remedial action, including but not limited to requiring the agent or subcontractor remove its employee or agent from the work, requiring the agent or subcontractor to terminate its relationship with its employee or agent, suspension of payment, cancellation of contract(s), and/or refusal to do business therewith. In the event of such a violation, Austal will investigate and will make all required government agency notifications (as discussed in the "Reporting Violations" provision of the Policy).