

Philly Shipyard ASA Supplier Code of Conduct

INTRODUCTION

Philly Shipyard’s vision is “to be – and be recognized as – a leading shipyard in America that delivers on its commitments, every time” and fulfilling our vision begins with our CORE values. Our CORE values are at the center of who we are as a shipyard, as an organization, and as individuals. They drive our actions and guide our decisions. They are not just words on a page, but a symbol of our passion and commitment to conquer all challenges and build long lasting relationships. We are united by these values that give us the platform to deliver on our commitments, every time.



ABOUT PHILLY SHIPYARD

Philly Shipyard, Inc. (PSI) is a leading U.S. shipbuilder that is presently pursuing a mix of commercial and government work. With a state-of-the-art shipbuilding facility, PSI has earned a reputation as a preferred provider of oceangoing merchant vessels with a track record of delivering quality ships, having delivered around 50% of all large ocean-going Jones Act commercial ships since 2000. PSI is the sole operating subsidiary of Philly Shipyard ASA (PHLY). PHLY is listed on Euronext Expand Oslo (Oslo: PHLY) and is majority-owned by Aker Capital AS, which in turn is wholly owned by Aker ASA (Aker). PHLY and PSI are collectively referred to herein as “Philly Shipyard.”

Philly Shipyard’s ethical commitments and requirements, including Philly Shipyard’s expectations for employees, are set out in Philly Shipyard’s Code of Conduct, which is available at <https://www.phillyshipyard.com/sustainability/>.

PURPOSE

This Supplier Code of Conduct provides an important foundation for Philly Shipyard’s ongoing engagement with its suppliers (as defined below).

This Supplier Code of Conduct describes Philly Shipyard’s requirements and expectations of suppliers. In addition, this Supplier Code of Conduct is indicative of Philly Shipyard’s desire to work actively with our value chain to drive positive progress for good governance, for people, the planet and for societies.

Philly Shipyard recognizes that implementation of certain commitments in this Supplier Code of Conduct may require time and effort from our suppliers to align with our expectations. We are committed to engaging with suppliers on these joint ambitions.

SCOPE

This Supplier Code of Conduct covers suppliers, business partners, vendors, contractors, subcontractors, service providers, purchasing agents, consultants, lobbyists, joint venture partners or other persons engaging in business with Philly Shipyard -- collectively referred to as “suppliers” in this document.

By conducting business with the Philly Shipyard group, each supplier is expected to adhere to and ensure that all its personnel and entities involved, and those working on the supplier’s behalf, are aware of the standards, principles and ambitions set out herein and strive to adhere to them in engaging with Philly Shipyard. When suppliers are permitted by Philly Shipyard to subcontract all or any portion of their services to third parties, the supplier shall ensure their subcontractors are aware of the provisions of this Code. In addition, Philly Shipyard encourages its suppliers to ensure that all their suppliers and other relevant stakeholders conduct their businesses in a manner consistent with the principles set forth in this Supplier Code of Conduct. Philly Shipyard encourages its suppliers to undertake adequate and risk-based due diligence to know their own suppliers and partners.

In addition to the expectations and requirements outlined in this Supplier Code of Conduct, each supplier may have additional obligations and requirements that are outlined in Philly Shipyard contracts, commercial or purchasing agreements, terms and conditions, Federal Acquisition

Regulation clauses, confidentiality agreements, non-disclosure agreements, and other documents related to doing business with Philly Shipyard.

GOOD GOVERNANCE

Compliance with Laws

Philly Shipyard expects and requires that all suppliers comply with all applicable laws and regulations of their country of origin, as well as in the United States and any country in which they operate. Suppliers are expected to act ethically and in a sustainable and socially responsible manner, and conduct their business with integrity, respecting cultures, dignity, and the rights of individuals. In the event that there are differences between laws and regulations and the standards set out in this Supplier Code of Conduct, the highest standards consistent with applicable local laws shall be applied.

Corruption, Bribery, and Improper Payments

Philly Shipyard has zero tolerance for all forms of corruption, and we make active efforts to ensure that it does not occur in our business activities. Suppliers shall comply with applicable laws and regulations concerning corruption, bribery, fraud, and any other prohibited business practices. Suppliers shall not request, accept, or receive any improper advantage in connection with a position, an office or performance of an assignment, e.g. to allocate business or other advantages in the conduct of business. Further, suppliers shall not offer, promise, or give any improper advantage to public officials or any individuals or corporate entities within the private sector, in connection with a position, an office or performance of an assignment, e.g. to obtain or retain business or any advantage in the conduct of business. This applies regardless of whether the improper advantage is offered directly or through an intermediary. Suppliers shall not make contributions to a political party, party candidate, group, or organization that would improperly influence decisions relevant to Philly Shipyard.

Anti-Money Laundering

Suppliers shall firmly oppose all forms of money laundering and shall take steps to prevent their financial transactions from being used by others to launder money.

Gifts and Hospitality

Philly Shipyard does not accept the offer or acceptance of business courtesies where they could constitute, or appear to constitute, an undue influence, and we expect our suppliers to do the same. Suppliers shall refrain from offering gifts and other favors to Philly Shipyard, Philly Shipyard's employees, representatives, partners, or anyone closely related, except for promotional items of minimal value (i.e. not to exceed \$100). Hospitality such as social events, meals or entertainment may be offered if there is a clear business reason for the hospitality. The costs must be kept within reasonable limits. Travel, accommodation, and other expenses for individuals representing Philly Shipyard, will always be paid by Philly Shipyard, unless other arrangements are agreed by the contract. Gifts, hospitality, expenses, or other favors shall never be offered or received in connection with contract bidding, evaluation or award or whenever public officials are involved.

Fair Competition

Philly Shipyard does not tolerate violation of antitrust and competition laws and regulations. Suppliers shall under no circumstances cause or be part of any breach of general or special competition laws and regulations, such as illegal cooperation on pricing, illegal market sharing, anti-trust, or any other behavior that is in breach of relevant competition laws and regulations.

Conflict of Interest

Suppliers and their employees shall not take part in or seek to influence any decision in circumstances that can give rise to an actual or perceived conflict of interest. If suppliers become aware of a potential conflict of interest in relation to activities related to doing business with Philly Shipyard, they shall notify Philly Shipyard without delay.

Tax Obligations

Philly Shipyard expects its suppliers to engage in responsible and transparent tax practice, compliance with all applicable tax laws and regulations, and to disclose necessary information to the relevant authorities.

Export Controls and Sanctions

Export controls and economic sanctions laws impose restrictions over the sale, shipment, electronic transfer, provision, or disclosure of information, software, goods, assets, funds, and services across national borders or involving parties subject to economic sanctions. Exports include transfers electronically, through discussions or visual inspections, and not only through traditional shipping methods. Suppliers shall comply with sanctions and export control laws and regulations. Suppliers shall immediately inform Philly Shipyard should they ever become subject to sanctions, in particular but not limited to, sanctions implemented and enforced by the United Nations, European Union, United States, or Norway.

Lobbying

If suppliers are performing any lobbying activities on behalf of or in relation to Philly Shipyard, they shall act in compliance with applicable laws and regulations. Such interactions between suppliers and governments, their agencies or representatives are expected to be conducted with high ethical consideration, transparency, and integrity.

Data Protection and Privacy / Sensitive Information and Confidentiality

Philly Shipyard is committed to protect sensitive or confidential information. Suppliers are prohibited from misusing information belonging to Philly Shipyard or any of our partners. Suppliers shall comply with applicable data protection and privacy laws and regulations, including in connection with the handling and storage of personal information.

Safeguarding of Property and Assets

Suppliers are expected to safeguard Philly Shipyard's property and assets in an appropriate manner, to only to be used for legitimate business purposes and only by authorized employees or their designees. This applies to tangible assets, e.g. equipment, and intangible assets such as intellectual property and confidential information. Information produced and stored on Philly Shipyard's IT systems is regarded as the property of the company. Information that may be considered illegal or inappropriate must under no circumstances be processed or downloaded.

Whistleblowing

Suppliers are encouraged to ensure that their employees have the possibility to report concerns regarding potential breaches of the requirements set out in this document. Philly Shipyard encourages that such processes are also open to receive reports from external stakeholders and third parties. Philly Shipyard shall be notified by suppliers of investigations that relate to activities in connection with Philly Shipyard.

RESPECT FOR PEOPLE

Human Rights

Suppliers shall respect human rights in accordance with all applicable laws and regulations. Suppliers must ensure that their business operations do not cause or contribute to any infringements of human rights. Philly Shipyard will not tolerate working conditions or treatment that conflicts with international laws, regulations, and practices. Philly Shipyard has a zero-tolerance approach towards modern slavery and human trafficking.

Further Philly Shipyard encourages suppliers to conduct human rights impact assessments and/or due diligence to understand and mitigate potential and actual adverse impact and ensure that their company, through its operations, does not cause or contribute to adverse human rights impacts. Suppliers are encouraged to implement and enforce effective systems to minimize risks of adverse human rights impact in their operations and in supply chain. If a supplier causes or contributes to an adverse human rights impact in relation to services or goods the supplier provides to Philly Shipyard, then Philly Shipyard expects the supplier to take necessary steps and strive to remedy the adverse impact.

Health and Safety

Suppliers shall work ambitiously, through systematic work and continuous improvement, to provide a healthy, safe, and secure work environment.

Employment Practices

Suppliers shall comply with local laws, regulations and agreements regarding working hours and ensure that working hours are not excessive. Philly Shipyard expects suppliers to ensure that wages paid to employees and contracted labor are fair and in compliance with local laws, regulations, and agreements.

Child Labor / Minimum Age of Labor

Suppliers shall prohibit the employment of children and comply with applicable laws and regulations regarding the minimum age of labor. If a supplier employs persons under the age of 18, the supplier shall take special precautions to safeguard the health, security, and rights of those persons under the age of 18 and ensure that they do not perform any hazardous work.

Human Trafficking

Suppliers shall not support or accept any form of human trafficking. Philly Shipyard expects its suppliers to avoid labor practices that can result in risks related to human rights and modern slavery in the labor supply chain, or where these practices cannot be avoided, to adopt procedures to reduce the company's risk of contributing to human rights violations or human trafficking.

Forced Labor

Suppliers shall not engage nor employ people against their own free will through any form of forced, indentured, bonded or prison labor. Suppliers shall not require lodging deposits or recruitment fees where it could contribute to the risk of debt bondage, nor withhold identity papers. These expectations apply to workers hired directly or indirectly, including through contractors, subcontractors, recruiters, agents, or labor brokers.

Freedom of Association and Right to Collective Bargaining

Philly Shipyard acknowledges employees' right to form and join trade unions in accordance with all applicable laws and regulations. We have a long tradition of including and involving employees and their unions. We believe this improves the grounds for decision-making when we make decisions which have consequences for many different parties. Suppliers shall recognize their employees' rights to form and join trade unions and to be represented in collective bargaining agreements. Where the rights to freedom of association and collective bargaining are restricted under national laws and regulation, suppliers are encouraged to provide employees with opportunities to influence their work situation.

Diversity, Equality, and Inclusion

Philly Shipyard is a workplace where diversity is valued, and where every employee has the opportunity to develop their individual skills and talents, and we expect suppliers to operate in a similar manner. Suppliers shall strive to ensure equality, diversity, and inclusion throughout their business, including equal opportunities and strive for a balance between the genders, increased diversity, and inclusion in all parts and levels of the businesses.

Anti-Harassment and Non-Discrimination

Suppliers shall treat employees and contracted labor fairly and maintain a work environment that is free of discrimination, harassment, and hostilities. Suppliers shall not tolerate any form of harassment or discrimination on the basis of race, color, ethnic background, gender, religion, age, marital status, sexual orientation, national origin, citizenship status, disability, veteran status, or any other basis prohibited by law.

ENVIRONMENT AND CLIMATE

Suppliers should act responsibly with an ambition to take a sustainable approach to their operations and to reduce their direct and indirect negative environmental impacts. Suppliers are encouraged to minimize waste as well as emissions to air, land, and water, and improve recycling and circularity.

Philly Shipyard encourages suppliers to quantify and reduce their greenhouse gas footprint, explore lower carbon alternatives for products and services, and to improve their energy efficiency.

If requested from Philly Shipyard, suppliers shall provide information about their emissions and energy sources to Philly Shipyard.

IMPLEMENTATION AND REPORTING

Philly Shipyard reserves the right to assess suppliers for compliance risks and to assess suppliers' conformance with this Supplier Code of Conduct. Philly Shipyard may ask suppliers to affirm that they have received this Supplier Code of Conduct. In addition, Philly Shipyard may request that suppliers implement corrective actions, and Philly Shipyard reserves the right to take appropriate action in the event of noncompliance. Suppliers are expected to respond promptly to requests for information relating to this Code.

Philly Shipyard encourages all its suppliers and their employees to report concerns about potential violations of this Supplier Code of Conduct, or applicable laws and regulations, to Philly Shipyard. Such reports may be made through Philly Shipyard's reporting service, EthicsPoint, either via telephone (+1 855-502-2068), or web form at www.phillyshipyard.ethicspoint.com or to their contact person within Philly Shipyard.