

Norway Transparency Act Statement

For the financial year 2023







Introduction

This report has been prepared by Philly Shipyard for the financial year 2023 in accordance with the Norwegian Transparency Act and summarizes our policies, risk analysis, and actions with respect to safeguarding fundamental human rights and decent working conditions in our operations and supply chain. These human rights include but are not limited to freedom of association, freedom from all forms of forced, coerced or enslaved labor, child labor, or human trafficking, elimination of discrimination, and providing a safe and healthy work environment.

About Philly Shipyard

Philly Shipyard is a leading U.S. shipyard that is presently pursuing a mix of commercial and government work. It possesses a state-of-the-art shipbuilding facility and has earned a reputation as a preferred provider of ocean-going 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. Philly Shipyard ASA is a holding company with headquarters in Oslo, Norway, and an operating subsidiary in Philadelphia, Pennsylvania, USA. Philly Shipyard ASA is listed on the Euronext Expand Oslo (formerly known as Oslo Axess) with the ticker symbol "PHLY". Aker Capital AS, a wholly owned subsidiary of Aker ASA, is the majority shareholder.

Philly Shipyard's CORE values describe our commitment to working safely, acting as environmental stewards, creating an inclusive work environment, and ensuring our communities succeed.

 Caring	 One Shipyard	 Responsible	 Evolving
We make safety personal and take ownership for protecting each other.	We are proud to be part of an inclusive work environment where all feel welcome.	We are environmental stewards and take care to protect future generations.	We challenge ourselves and each other to be better than yesterday.
We are united to ensure our coworkers, our company and our communities succeed.	We build lasting cooperation based on respect and candid communication.	We do what's right simply because it's the right thing to do.	We support change that moves the organization into diverse markets.

Managing Human Rights Risks

Policies and Procedures

Philly Shipyard will not tolerate any form of human rights violations in our operations or supply chains, including service providers and suppliers. Our existing Philly Shipyard policies and employment practices include freedom of association and a respect for human and labor rights. We forbid forced, coerced, bonded, indentured, involuntary or enslaved labor; child labor; and all forms of human trafficking. We are committed to providing a safe and healthy work environment void of discrimination. We expect our suppliers to do the same.

Our Procurement organization applies a rigorous set of standards, criteria, and procedures in screening and qualifying suppliers, executing contracts, and monitoring supplier performance. The standard terms and conditions in our supplier agreements oblige all suppliers to comply with all applicable laws and regulations, and to impose similar terms on their subcontractors, and permit audits. These standard terms and conditions allow for termination of the contract if the suppliers' performance is not acceptable.

During 2023, Philly Shipyard established a Supplier Code of Conduct. This code was provided to all suppliers via direct communication and was added to the Supplier page of our website, <https://www.phillyshipyard.com/contact-us/suppliers/>. We also updated our Employee Code of Conduct to include policies related to human rights and decent working conditions.

Governance

The Board of Directors of Philly Shipyard has oversight responsibility of the management of the company, including oversight of risks related to adverse impact on human rights and decent working conditions, and ensures that respect for human rights and decent working conditions are systematically integrated into Philly Shipyard policies and decision making.

The Audit Committee supports the Board in executing oversight over the management of the company and has been given a review role related to ESG topics, including risk of adverse impacts on human rights and decent working conditions. This allows for a thorough treatment of the area and ensures that the reporting is in line with the obligations set out in the Transparency Act. The responsibilities for Transparency Act implementation and compliance, and the implementation process, were anchored with and approved by the Philly Shipyard Board, and developments are reported to the Audit Committee and the Board to enable monitoring of progress.

The President and CEO of Philly Shipyard is responsible for the daily operations of the company, including policy implementation and ensuring that ESG impacts are taken into consideration as part of the company's daily work. This includes assessing and managing risks of adverse impact on human rights and decent working conditions related to Philly Shipyard's business activities. The CEO reports to the Board monthly.

The more detailed implementation processes - including supplier screening, employment practices, control procedures, and the Sustainability/ESG program - are the responsibility of members of the senior management team, including the Vice President of Procurement, the Vice President of Human Resources, the General Counsel, and the Vice President of Sustainability and Communications. The General Counsel is also responsible for handling of information requests under the Transparency Act, as per the Information Request Procedure implemented as part of the implementation process of the Transparency Act, and, together with the Vice President of Sustainability and Communications and the Chief Financial Officer, reports to the Audit Committee on ESG topics on a quarterly basis.

Reporting of Concerns

Philly Shipyard encourages the reporting of any concerns about wrongful conduct through our Whistleblower Policy, which is overseen by the Vice President of Human Resources. The Whistleblower Policy allows employees, contractors, or external parties to make anonymous reports of violations, without fear of reprisal, through a 24-hour hotline administered by a third party.

Assessing Risks/Human Rights Due Diligence

Our Operations

In addressing human rights, Philly Shipyard's approach builds upon our longstanding practice of respecting labor rights. Since our founding in 1997, we have been a union operation employing skilled trades and union labor, with a strong commitment to paying a living wage, providing decent working conditions, and maintaining a safe and compliant workplace for all.

Philly Shipyard's labor force consists largely of U.S.-based employees and subcontractors who are skilled and trained workers, including engineers, technical designers, welders, riggers, machine operators, maintenance technicians, shipbuilders, laborers, and apprentices. Key steps in the shipbuilding process include steel cutting, assembling, and mounting, component installation, launching, and sea trials. Philly Shipyard does not own or operate vessels.

At Philly Shipyard, subcontractors provide an array of specialized shipbuilding-related technical services on site. The employees of our subcontractors are skilled and trained workers.

Philly Shipyard has a robust Health, Safety and Environmental program that includes ensuring that all employees and subcontractor employees have received adequate training and appropriate personal protective equipment.

Philly Shipyard does not use forced, compulsory or child labor. All our employees are above legal employment age in the United States and are provided with working conditions and payment of wages and benefits that comply with applicable laws and regulations. Philly Shipyard uses E-Verify, a web-based system operated by the U.S. Department of Homeland Security, that allows employers to confirm the eligibility of their employees to work in the United States. Philly Shipyard requires its subcontractors also to use E-Verify for all their employees working in the Shipyard and to supply the Shipyard with supporting documentation.

Our Supply Chain

In support of our core business activity of building ships, our supply chain includes materials purchased from suppliers of steel, fabricated metal components, coatings and paint, machinery and equipment, electrical systems and components, insulation systems, oil and lubricants, propulsion systems, and welding supplies.

Philly Shipyard also purchases specialized industrial labor services through subcontractor firms and staffing agencies, as well as services from insurance, financial services, information technology, utilities, and security providers.

Assessing Human Rights Risks in Philly Shipyard's Supply Chain

During 2024, Philly Shipyard undertook its annual supply chain risk assessment using a risk-based approach to analyze and address human rights-related risks in our operations and our supply chain. This process began with a review of common stakeholder concerns across the shipbuilding sector, and an inventory of human rights standards and initiatives in the maritime sector. This was followed by mapping Philly Shipyard's supplier base and assessing the human rights risks with our suppliers.

In mapping our supplier base, we began by identifying our largest suppliers and sub-suppliers based on value of goods and services provided for the year ended 31 December 2023, as well as new suppliers who are anticipated to be major strategic suppliers in the coming year. This sample produced an analysis of 64 companies, consisting of 54 direct suppliers and 10 sub-suppliers.

With the assistance of an external ESG consultant, we used a risk assessment process to review these top suppliers with regard to two risk dimensions: country risk and sector risk related to human rights and modern slavery.

Country risk was defined as countries with a higher risk exposure for corruption and labor and human rights violations, and sector risk was defined as those industries/sectors that are known to have a higher risk exposure for labor and human rights violations. Criteria for these risk ratings included publicly available resources from the Social Responsibility Alliance, Verisk, UNICEF Child Labour statistics, the U.S. Department of Labor, and Transparency International. In addition, we conducted research on each supplier via internet news search using public information sources to identify any past incidents related to ethics and compliance.

Supply Chain Risk Analysis Findings

Regarding sector risk, our analysis found that Philly Shipyard's large suppliers are in industry sectors considered at lower risk for adverse human rights impacts and modern slavery - specifically manufacturing steel and fabricated metal components, manufacturing mechanical and electrical equipment, and skilled/technical services.

Regarding country risk, our analysis found that Philly Shipyard's largest suppliers generally operate in countries considered at lower risk for adverse human rights impacts and modern slavery - specifically the U.S., South Korea, Germany, Norway, and Japan.

Our supplier risk assessment process includes a deeper look into potential risks with suppliers of labor services. During 2023, we engaged further with our labor services suppliers by contacting them directly, outlining Philly Shipyard's specific expectations regarding fundamental human rights and decent working conditions, particularly around recruitment practices and ensuring there are no cases of debt bondage or forced labor.

In our supplier human rights due diligence, we did not identify any actual or potential adverse human rights impacts with our key suppliers, or any red flags requiring further follow-up.

We recognize that in the supply chains of our suppliers, there may be potential for human rights risks, particularly in relation to lower-skilled labor and mining for metal ores. For this reason, we will continue to include human rights risks in our supplier due diligence processes and update this risk analysis on a regular basis.

Taking Action for Human Rights

As part of our ongoing commitment to manage risks in the area of human rights, Philly Shipyard took a number of actions in 2023-24 to ensure no form of human rights violation is occurring in or in relation to the Shipyard or its supply chain.

- Implemented an annual process for assessing human rights risk in our supply chain, including a supplier due diligence process that maps our supplier base and assesses suppliers with regard to country risk and sector risk related to human rights and decent working conditions;
- Developed a formal Supplier Code of Conduct, which was communicated to all suppliers;
- Published a webpage for Suppliers that includes our Supplier Code of Conduct and standard Terms and Conditions;
- Created a process to proactively reach out to labor suppliers via letter and/or email with Philly Shipyard's expectations and requirements regarding fundamental human rights and decent working conditions in their operations and their supply chains;
- Rolled out an updated Code of Conduct and policies to all employees, along with training on the Code of Conduct.

Right to Information

The Norwegian Transparency Act requires that covered companies respond to requests from the public on how the company is managing actual or potential human rights impacts across its organization and supply chain. Philly Shipyard has established a process for receiving and managing such requests, which should be submitted through communications@phillyshipyard.com.

This statement will be reviewed, updated and published annually, no later than 30 June of each year in compliance with the Act.

30 June 2024
Philly Shipyard ASA



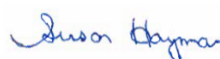
Kristian Røkke
Board Chairman



Jan Petter Hagan
Board Member



Elin Karfjell
Board Member



Susan Hayman
Board Member



Steinar Nerbøvik
President and CEO