



AT THE HELM

Reshaping the Future of Shipbuilding



2024
SUSTAINABILITY REPORT

 Hanwha Philly Shipyard



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WELCOME



Letter from the CEO

2024 was a year of transition, renewal, and impact for Hanwha Philly Shipyard, Inc. (HPSI).

This year marked the beginning of an exciting new chapter as we brought together the proud legacy of Philly Shipyard with Hanwha's global expertise and decades of leadership in maritime and defense innovation. This wasn't simply a change in ownership. It was the start of a powerful partnership rooted in trust, shared values, and a bold vision for the future of American shipbuilding.

With the backing of Hanwha Systems and Hanwha Ocean, we are now part of a global network committed to advanced technology, environmental stewardship, and long-term value. But the heart of our work remains here in the grit, skill, and determination of our workforce, which is guided by a clear and compelling vision: to be a trusted U.S. shipbuilder that redefines sustainable solutions for commercial and government maritime needs.

At HPSI, we are at the helm of transformation — not only within our company but across the broader landscape of American shipbuilding. By supporting our nation's maritime readiness, manufacturing resilience, and energy transition goals, we are uniquely positioned to be a catalyst for innovation and positive change. And at the center of this transformation is our workforce.

**"We are at
the helm of
transformation."**

This year, we embraced our legacy while forging a new path forward. Our work was centered on listening, learning, and laying a strong foundation for what comes next. The dedication and talent of our workforce have powered every achievement, and this report is a testament to their extraordinary efforts.

Our mission is to push the boundaries of what's possible by combining the ingenuity of our people with innovative tools and processes. At every step, safety and customer needs remain at the forefront. As you'll see in the pages that follow, 2024 was a year of significant firsts and steady progress. We launched sustainability initiatives and expanded workforce training programs to support the next

generation of shipbuilders. We also strengthened collaboration with our partners and customers so that each vessel reflects our commitment to quality, safety, and mission alignment.

As we continue to evolve, we do so with humility and a strong sense of responsibility. We recognize that our work makes a true difference, not only to our customers, but to our country and to future generations who will rely on the vessels we build today. While much lies ahead, we move forward with clarity, momentum, and purpose. We are proving that the future of shipbuilding can be forged right here in Philadelphia, with the people, the technology, and the will to lead.

To our employees, partners, and community — thank you for making 2024 a remarkable year of progress. There has never been a more important time to be a shipbuilder. And there has never been a more exciting time to be part of HPSI.



David Kim
Chief Executive Officer



Letter from the VP

A year ago, we published our first-ever sustainability report — a quiet but powerful signal that Hanwha Philly Shipyard was stepping into a new kind of conversation. It wasn't just about metrics or milestones. It was about demonstrating our commitment to building a more responsible, connected, and sustainable future.

In 2024, that conversation has grown louder — and so have our ambitions. The past year has been a defining moment for HPSI. We've found ourselves at the intersection of a proud legacy and a bold new era, driven by Hanwha's global vision and our nation's renewed focus on maritime strength. This is more than a story of expansion. It's a story of purpose-driven growth, grounded in culture, people, and sustainability.

We embed sustainability into every level of our strategy, treating it not as a separate initiative, but as a core part of how we operate. We are advancing a new way of thinking in U.S. shipbuilding: one where operational excellence and corporate responsibility move forward together. At the same time, we are strengthening our internal culture so that our values are reflected in both how we work and what we build.

We have taken meaningful steps to integrate environmental, social, and governance (ESG) priorities across the Shipyard. From energy efficiency and emissions reduction strategies to new digital tools that optimize production, we are reimagining what sustainable shipbuilding can look like. Backed by Hanwha's deep commitment to innovation, we are creating a blueprint for responsible industrial transformation.

Equally important is the culture we are cultivating alongside our technical growth. In a field far too often defined by silos, we have focused on building connections. We launched three employee resource groups and a Culture Council — initiatives driven by our people, for our people. These efforts are not symbolic. They are reshaping how teams engage, collaborate, and contribute to our shared mission. They are strengthening the foundation of a workplace that is collaborative, resilient, and ready for the future.

At the heart of our Shipyard is a skilled and dedicated workforce. Our commitment to sustainability begins with them, with a culture rooted in safety, excellence, and integrity.

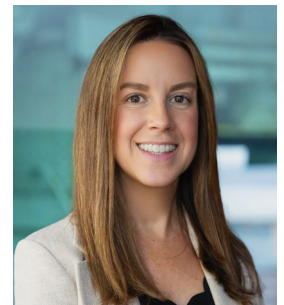
This report highlights the next chapter in our journey. As we look ahead, we see a future full of promise: new capabilities, new facilities, and a stronger role in supporting the nation's maritime readiness. With that promise comes the responsibility to grow thoughtfully, to lead with transparency, and to stay grounded in the values that define us.

We are proud of the progress we have made. But more than that, we are energized by what's yet to come.

Thank you for being part of this journey.



Kelly Whitaker
VP of Sustainability
and Communications



2024 Sustainability Highlights

ENVIRONMENT



Recycling
Reduced waste by 12%;
recycled 87% of waste



Climate
Cut GHG emissions by
16.6% vs. prior year



Emissions
Approved new equipment
purchases to lower air emissions



Sustainable Ships
Collaborated with customers
to build greener ships

SOCIAL



Safety
Recordable injury rate
of 3.04, well below U.S.
shipbuilding average



Recruiting
Hired 199 new employees



Engagement
Facilitated employee focus
groups and survey. Launched
volunteer recognition program



Talent Development
Delivered 12.9 training hours
per employee

GOVERNANCE



Leadership
Held sustainability workshop
with management team



Supplier Responsibility
Issued Supplier Code of
Conduct to all vendors



Security
Maintained MARSEC compliance;
progressing toward alignment
with CMMC Level 2



Public Reporting
Released first
sustainability report

ABOUT US



Who We Are

Hanwha Philly Shipyard is a leading U.S. shipbuilder with a state-of-the-art facility and a strong track record in delivering quality ocean-going vessels. Since 2000, we have built nearly half of all the large U.S. Jones Act commercial ships, earning a reputation as a preferred partner for both commercial and government clients.

On December 19, 2024, Philly Shipyard was acquired by Hanwha Systems and Hanwha Ocean — part of Hanwha Group, South Korea's seventh-largest business group. Hanwha operates across key industries including energy, ocean, aerospace, finance, and retail & services.

Located on 118 acres in Philadelphia's historic Navy Yard, at the junction of the Delaware and Schuylkill rivers, our facility offers direct access to the Atlantic Ocean and is home to approximately 1,500 dedicated personnel. Our team proudly reflects the grit, drive, and resilience of our hometown.

Sustainability is a core priority. Guided by our values, we are committed to operating safely, protecting the environment, fostering an inclusive workforce, and supporting our community. This report reflects our continued progress and growing transparency on the path to becoming a more sustainable shipyard.

“With Hanwha’s global scale, deep technology expertise, and more than 50 years of shipbuilding experience, we look forward to driving remarkable growth, and we can’t wait to embark on this new journey as Hanwha Philly Shipyard.”

David Kim, CEO



A New Chapter: Hanwha's Acquisition of Philly Shipyard

In June 2024, Hanwha Systems and Hanwha Ocean announced a \$100 million investment to acquire Philly Shipyard, signaling a major step in expanding their global shipbuilding and defense footprint. By September 2024, the acquisition received approval from the Committee on Foreign Investment in the United States (CFIUS), clearing the way for Hanwha to officially establish its U.S. shipbuilding operations.

On December 19, 2024, the deal officially closed, and the Shipyard was renamed Hanwha Philly Shipyard, marking the beginning of a new chapter under the leadership of CEO David Kim. Hanwha's vision for the Shipyard includes upgrading facilities, introducing advanced technologies, creating local jobs, and supporting the long-term revitalization of U.S. shipbuilding — all while deepening ties to Philadelphia's vibrant communities and driving sustainable growth.



Fast Facts

A Look Back at What We've Built and Repaired

NEW BUILDS

6 Container Vessels

22 Product Tankers

2 Aframax Tankers

2 National Security Multi-Mission Vessels

REPAIRS

2 U.S. Maritime Administration Vessels

1 Military Sealift Command Vessel

WHAT WE'RE BUILDING NOW

3 National Security Multi-Mission Vessels

1 Subsea Rock Installation Vessel

3 LNG-Fueled Container Vessels



Founded in
1997



Located in Philadelphia's
Navy Yard



1,500
personnel on site



Dec 2024
Acquired by Hanwha



\$1.7 Billion
backlog



What We Do

At Hanwha Philly Shipyard, we build world-class maritime vessels that support both commercial and government missions. From cutting-edge training ships for future mariners to rock installation vessels for wind turbine installation, we're committed to delivering high-quality builds while evolving our capabilities to meet the needs of the modern maritime industry.

GOVERNMENT PROJECTS

The U.S. Department of Transportation's Maritime Administration (MARAD) is replacing aging training ships at state maritime academies with new, purpose-built vessels. These ships, known as National Security Multi-Mission Vessels (NSMVs), are designed to enhance training while also being equipped to support humanitarian aid and disaster relief missions.

HPSI was awarded a contract to build five purpose-built training vessels for MARAD under the NSMV program. The NSMV will feature numerous instructional spaces and a full training bridge with accommodation for up to 600 cadets to train in a first-rate maritime academic environment at sea. State maritime academies graduate approximately 70% of all new officers each year — the merchant mariners who help keep cargoes and the economy moving. Many also support U.S. national security by crewing military sealift vessels.

In September 2024, we delivered NSMV II - Patriot State to the Massachusetts Maritime Academy. The milestone marked the second completed vessel in the program, following the delivery of Empire State to SUNY Maritime College in 2023. Three additional ships are currently in production, with scheduled deliveries through 2026.

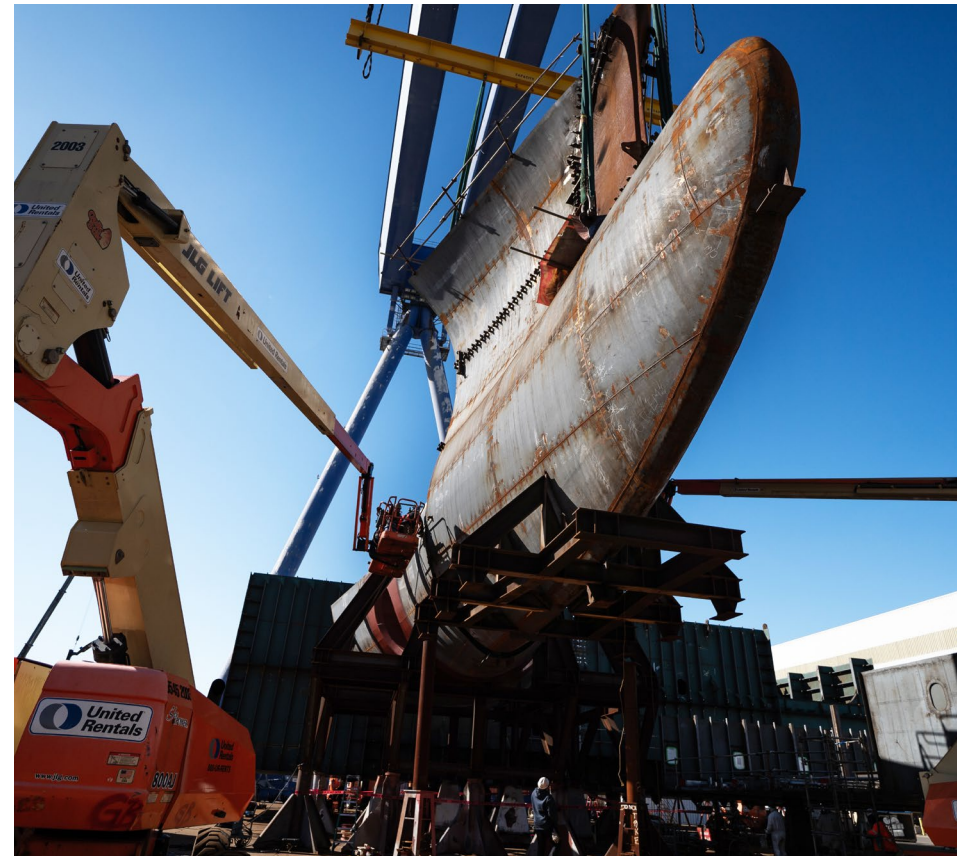
COMMERCIAL PROJECTS

Since its inception, HPSI has delivered 30 commercial vessels — including container ships, product tankers, and Aframax tankers — to major U.S. maritime companies such as Matson Navigation Company, Crowley Maritime, American Shipping Company, SeaRiver Maritime, and Kinder Morgan. Nearly half of all large oceangoing Jones Act commercial ships built since 2000 have come from our Shipyard. Current commercial projects include

the construction of three LNG-fueled containerships and one Subsea Rock Installation Vessel.

REPAIRS & MAINTENANCE

In addition to new ship construction, HPSI provides maintenance, repair, overhaul, and conversion services for government clients. From 2019 to 2021, we successfully completed three government repair projects and continue to offer flexible support across a range of maintenance needs.





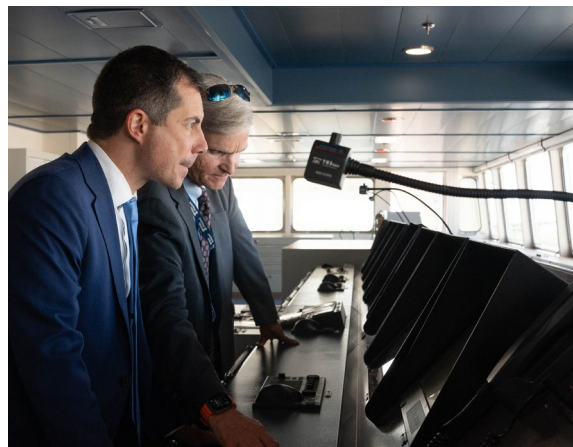
Revitalizing American Maritime Power: The Jones Act and Beyond

The Jones Act, also known as the Merchant Marine Act of 1920, is a federal law that governs maritime trade in U.S. waters and between U.S. ports. Its primary goal is to ensure a strong and vibrant maritime industry, which helps the United States maintain its expertise in shipbuilding and waterborne transportation.

Under the law, all commercial vessels transporting merchandise between U.S. ports — including routes between the continental U.S. and Alaska, Hawaii, and Puerto Rico — must be built in the U.S.; owned, operated, and crewed by U.S. citizens; and registered under the U.S. flag.

The Jones Act not only protects American maritime workers and promotes a strong domestic shipbuilding and shipping industry, it also aims to maintain a ready fleet of American-flagged vessels and skilled mariners available for national emergencies and defense needs.

With the domestic maritime industry responsible for nearly 650,000 jobs and more than \$150 billion in annual economic output, it remains a cornerstone of U.S. economic security. Additional U.S. maritime policies are expected to develop in 2025, accelerating the revitalization of the domestic maritime industry and workforce. These include executive orders, federal legislation, and incentives for private investment in the industry — all pointing toward a renewed focus on strengthening American maritime capacity and workforce development.



Mission, Vision, and Values

At Hanwha Philly Shipyard, we believe that a strong foundation is built on a clear sense of purpose, ambitious aspirations, and unwavering core principles. Our vision, mission, and principles define who we are and serve as our compass, guiding us daily.

MISSION

We push the boundaries of shipbuilding by combining people with technology to build best-in-class vessels, anchored in safety and customer needs.

VISION

We are a trusted U.S. shipbuilder, challenging and redefining sustainable maritime solutions.

Hanwha Core Values



CHALLENGE: We believe in challenging the status quo in the pursuit of excellence through change and innovation.



DEDICATION: We are dedicated to our company, customers, and one another to achieve excellence.



INTEGRITY: We believe in acting with integrity in everything we do, as individuals and employees.

Our CORE Principles



CARING: We make safety personal and are dedicated to protecting each other. We are united to ensure our coworkers, company, and 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 integrity.



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 varied markets.

SUSTAINABILITY





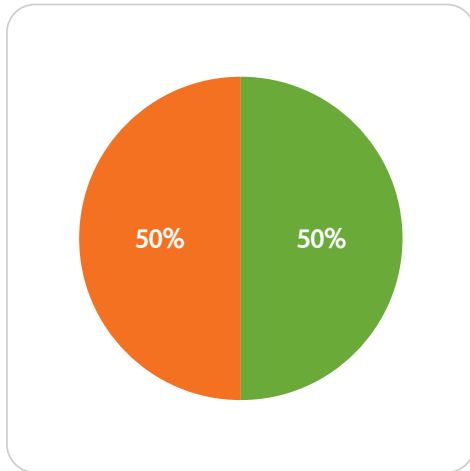
At HPSI, sustainability is more than a commitment — it's embedded in the way we build, lead, and evolve. As one of the nation's most experienced commercial shipbuilders, we recognize our responsibility to deliver vessels that meet today's needs without compromising the resources of tomorrow.

We are actively investing in the future of American shipbuilding by integrating cleaner technologies, more efficient production methods, and sustainable practices into our operations to reduce environmental impact and support the nation's transition to a greener maritime industry.

Positioned at the helm of a new era in U.S. shipbuilding, we're committed to delivering best-in-class ships while leading with integrity, innovation, and impact.

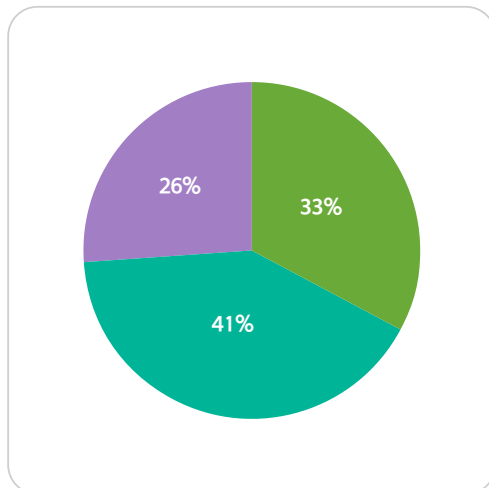
Sustainable Workforce

HPSI Employees



- Union Employees
- Non-Union Employees

Distribution of Employees by Age Group



- Age <30
- Age 30-50
- Age >50

At the heart of the Shipyard's transformation is its people — a resilient, motivated workforce grounded in pride, grit, and a shared belief in the future they are helping to build. Whether operating cranes, assembling world-class ships, or mentoring the next generation, our team is continually innovating and progressing.



12.9

Hours of training
delivered per person



199

New employees
hired in 2024

APPRENTICESHIP: 20 YEARS OF IMPACT AND A BOLD FUTURE

2024 marked the 20th anniversary of HPSI's Apprenticeship Program, a milestone that reflects two decades of turning potential into power. Since its founding, the program has helped hundreds of individuals launch life-changing careers, most with no prior shipbuilding experience.

In 2024, we graduated 12 apprentices from the three-year program. We also hired 80 new apprentices, with plans to increase that number to 120 in 2025. Our long-term goal is to reach over 200 apprentices per year. To meet this ambitious target, we are investing in expanded training facilities, hiring more full-time mentors and instructors, and enhancing our educational partnerships and support systems.

A key driver of this growth has been our streamlined onboarding process. In 2024, we condensed the initial training from 12-weeks to eight, allowing new apprentices to move more quickly into hands-on work while gaining critical exposure to the physical and environmental demands of the job.

Apprenticeship is more than a talent pipeline — it's a launchpad for leadership and the cornerstone of our future workforce.

“It has been a journey of hard work and continuous learning. You can go from no experience to learning a rewarding trade and starting a solid career. From the early days on the floor to leading builds, every stage has taught me something new.”

Alex Biddy, Production Foreman

WORKFORCE DEVELOPMENT

Our investment in people doesn't stop at apprenticeship. We have expanded upskilling opportunities across the yard, offering training in crane and forklift operations and other in-demand skills. In 2024, we also expanded our tuition reimbursement program, making it available to all employees, union and non-union alike. Whether they are pursuing degrees or technical certifications, employees have more tools than ever to shape their careers on their own terms.

Meanwhile, the introduction of new technology and automation is helping to empower our workforce, close labor gaps, and open doors to higher-value roles. As automation increases, so do opportunities for employees to train on advanced systems and evolve alongside the Shipyard.

With thousands of new hires projected in the years ahead, attracting and retaining talent remains a central focus. That's why we are continuously evaluating our onboarding process, organizational culture, and retention strategies from the ground up.

As we grow, we remain focused on building a workplace where people want to stay because of the purpose and belonging they find here.



**20 Years of Opportunity:
A Career Built from the Ground Up**

In 2004, Alex Biddy joined Hanwha Philly Shipyard's very first apprenticeship class. At the time, he had just finished high school and wasn't sure what came next. With guidance from a family member already working at the Shipyard, he took a chance on the apprenticeship program and discovered a new path forward.

Over two decades, what began as an entry-level shipbuilding role turned into a dynamic career, rising through the ranks to become a Production Supervisor and now a Production Foreman. His story is one of growth, resilience, and steady progress. Today, he encourages others to consider the same path, highlighting how the program offers hands-on experience, valuable skills, and the opportunity to build a lasting career in shipbuilding.



From Co-op to Career: Growing Talent Through Hands-On Experience

Hanwha Philly Shipyard's Co-op Program serves as a vital bridge between the classroom and the shipyard floor. In partnership with local universities, the program offers students the opportunity to apply classroom knowledge in a real-world environment, shaping the next generation of engineers.

Drawn to the Shipyard's reputation and innovative projects, Marco Rossillo joined as an Outfitting Engineering Co-op during his final semesters at Temple University, working on critical deliverables and problem-solving in the field alongside production teams. Those experiences not only shaped his professional goals but also led him to accept a full-time role before graduation. Marco now works as an Outfitting Production Engineer, continuing to apply the communication, coordination, and design-to-execution skills he developed during his co-op.

LABOR

HPSI has a four-year collective bargaining agreement with the Philadelphia Metal Trades Council (PMTTC), which represents nine unions employed at the Shipyard. This agreement is a testament to the long-standing partnership with PMTC, providing competitive compensation and attracting and retaining talent for shipbuilding projects. This labor agreement also underscores our continued dedication to the apprentice program, fostering the growth of skilled workers and ensuring the future viability of the Shipyard.

“As an engineer, it’s not often you get to see designs become a reality—but at the Shipyard, it’s only a glance away. My co-op experience gave me a strong foundation in ensuring that design and production are tightly coordinated, and this is something that I continue to prioritize in my current role. I’m proud to be part of the team here and of the work we do.”

**Marco Rossillo, Outfitting
Production/Field Engineer**





A CULTURE OF BELONGING: EMPLOYEE RESOURCE GROUPS

Our focus on culture has deepened. In 2024, we saw the launch of three Employee Resource Groups (ERGs), all created by and for employees.

- **Women+ in Shipbuilding:** Fostering mentorship and visibility across union, non-union, and subcontractor lines.
- **Crew of All Abilities:** Supporting employees with disabilities and their allies.
- **Apprentice Resource Collaborative (ARC):** Helping new apprentices connect, share, and support one another as they begin their careers.

ERGs are platforms for connection, development, and advocacy. Open to all employees, they offer mentorship, promote a supportive workplace, and help shape the culture of the Shipyard from the ground up. Each ERG is led by elected chairs, ensuring these groups are truly employee-led and action-driven.



Women+ in Shipbuilding: Empowering Voices, Strengthening Community

Our Women+ in Shipbuilding Employee Resource Group (ERG) was created to foster connection, build confidence, and champion advocacy for women across the organization. Co-led by Patty Garcia, Julia Hartigan (Vice President), Sherrie Johnson, Natalis Polanco (President), Kay Seo, and Olivia Vida, the ERG was born from a shared desire to uplift one another and ensure every woman at the Shipyard feels connected, supported, and empowered. “Having a space openly supported by our executive leaders means women at the Shipyard are not only allowed but encouraged to be themselves—in all our glorious variety,” shared Vida.

The ERG is open to all and provides opportunities for personal and professional growth. “We engage in various networking and team-building activities with members, aiming to develop bonds, trust, and a community of support,” shared Polanco. “Since getting involved, I feel happier and more fulfilled at work,” added Seo. “It has given my job more meaning and brought a more positive and enthusiastic perspective to the Shipyard’s future.”

The vision for the future is bold and inspiring. “We want to continue providing mentorship, building strong support networks, and developing skills for women to advance into leadership roles,” said Garcia. With strong leadership and collective purpose, the Women+ in Shipbuilding ERG is advancing a culture where all employees are empowered to lead, connect, and succeed.



CULTURE COUNCIL

As we grow, we're focused on listening and action. In 2024, we launched the Culture Council, a cross-functional group of management, union, non-union, and apprentice employees that meets monthly to surface concerns, spark dialogue, and shape a more responsive workplace. The Culture Council is a collaborative space where employees help lead change. By listening, offering feedback, and proposing solutions, Council members help make our culture a true reflection of the people who live it every day.

We recognize that rapid growth comes with real challenges, but it also brings opportunity, which we readily embrace. From training and education to culture and collaboration, we are committed to building a workplace where every employee has the support, tools, and voice to thrive.

New traditions are also being established to encourage connection. Pick up soccer games, especially popular among our subcontractors, sparked a sense of community. New-hire lunches help build early bonds across teams and departments. And for the first time since 2017, family walking tours returned, offering loved ones a glimpse inside the yard and the ships their family members helped build.

EMPLOYEE RECOGNITION INITIATIVE

This year, our CORE recognition program continued to celebrate the people who make HPSI stronger every day. The quarterly awards, entirely driven by peer nominations, highlight individuals and teams who go above and beyond, all while living out our CORE principles. Employees across the Shipyard nominate their colleagues and teams by sharing how the nominee demonstrates excellence. At the end of each quarter, a committee reviews all submissions and selects one winning team and one employee. The program has become one of the most beloved traditions at the Shipyard with heartfelt nominations that remind us how much our people notice and value one another's contributions.



EMPLOYEE CODE OF CONDUCT

Our Employee Code of Conduct outlines our expectations around ethics, responsibility, environmental care, and integrity. Supported by mandatory employee training to reinforce its principles, the Code of Conduct remains a central part of our culture and compliance efforts.

To learn more about our commitment to ethical business practices, check out our Employee Code of Conduct, which covers topics such as corruption and bribery, conflicts of interest, whistleblower procedures, workplace harassment policy, and protecting the environment.



Employee Code of Conduct

WHISTLEBLOWER HOTLINE

To uphold our ethical standards, we maintain a 24/7 anonymous whistleblower hotline. Employees are encouraged to report any concerns regarding misconduct, unusual behavior, or violations of our values.

Supplier Responsibility

We believe that all people are entitled to fair treatment, dignity, and safe working conditions. This commitment extends to our global supply network. Upholding human rights, ethical labor practices, and workplace safety is foundational to how we operate and how we expect our partners to operate.

SUSTAINABLE PRACTICES

We have implemented several sustainable practices within our procurement operations, including prioritizing electronic and digital communications. These systems help streamline operations and reduce environmental impact. Additionally, we prioritize local sourcing for short shelf-life materials to reduce waste, support just-in-time delivery to align with production needs, and promote the use of sustainable packaging wherever possible.

SUPPLIER ENGAGEMENT

In 2024, we took meaningful steps to reinforce supplier accountability. Our Supplier Code of Conduct, introduced in 2023, continues to guide our approach to ethical sourcing, workplace standards, and environmental responsibility. Language from the Code has been formally embedded in our purchase orders to support compliance with applicable laws across the regions where our suppliers operate. During 2024, we sent a copy of the Supplier Code of Conduct to our suppliers. In addition, suppliers of labor services

and subcontractors received a copy of our Labor Supplier Expectations Related to Human Rights.

We also completed a supplier risk assessment, evaluating all manufacturing origins to determine whether any operate in countries or sectors with a high risk of human rights violations. The vast majority of our suppliers are based in low-risk sectors and countries, and we continue to seek competitive partners to grow our network. By fostering strong, transparent relationships, we lay the groundwork for more sustainable, resilient supply chains.

You can check out our Supplier Code of Conduct and Labor Supplier Expectations here:



[Supplier Code of Conduct](#)



[Labor Supplier Expectations Related to Human Rights](#)



“Procurement is such an integral part of everything we do. We touch every single department. If we’re trying to implement sustainable practices, I believe it will filter out to all other departments and make us better as a whole.”

Rachel Caldarella, Purchasing Manager



Health & Safety

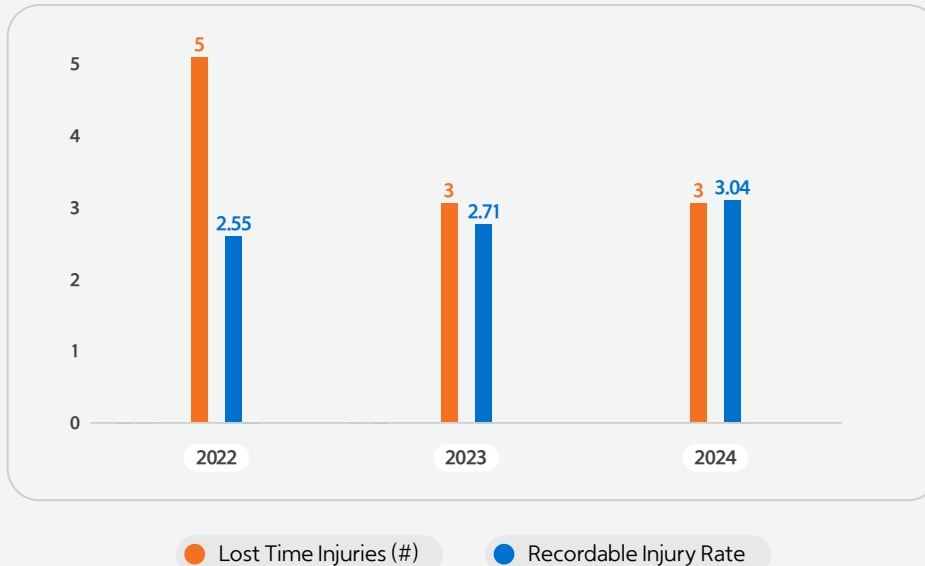
Health and safety are foundational to our culture at Hanwha Philly Shipyard. Our approach is rooted in shared responsibility — every employee is empowered to speak up, take action, and contribute to a workplace where everyone is safe and healthy.

Shipbuilding is one of the most complex and demanding industrial environments. The work is dynamic, often involving heavy equipment, elevated

platforms, confined spaces, hot work, and multiple trades working in close proximity. These inherent risks demand constant vigilance, layered technical controls, and a culture of mutual accountability.

Among the most critical safety risks are confined space entries, particularly in tanks or double bottoms where hazardous atmospheres may exist. These are mitigated through a comprehensive program that includes atmospheric

Safety Performance HPSI Employees and Subs



Safety Performance Exceeds Industry Average



*Source for U.S. shipyards total recordable injury rate: U.S. Bureau of Labor Standards, NAICS code 336611

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

testing, permitting, continuous monitoring, ventilation, and trained attendants. Similarly, hot work operations like welding and cutting are controlled through strict permitting, fire watch procedures, and careful housekeeping to eliminate combustible materials. Fall protection also remains a top priority, enforced through personal fall arrest systems, guardrails, regular equipment inspections, and specialized training.

We recognize the importance of clear communication in keeping our workforce safe. Many of our team members are non-native English speakers, and our safety team prioritizes multilingual training, translated signage, and visual aids so that critical instructions are understood and followed.

At HPSI, safety and health go hand-in-hand. We believe that a healthy baseline strengthens our ability to remain safe at work. That's why we encourage employees to undergo regular health screenings and check-ups, and we make these resources easily accessible. We offer annual flu shot clinics, free hearing screenings, and incorporate wellness activities into our events.

In 2024, we continued to enforce site-specific safety plans, pre-task planning meetings, and clear role assignments for every contractor and trade. These measures help each team understand how their work intersects with others and how to prevent overlap-related hazards.

Throughout the year, we also strengthened our focus on employee engagement through behavior-based safety programs. One program that gained traction in 2024 allows our Health, Safety & Environmental (HSE) team to recognize employees who are seen working safely or going above and beyond their normal responsibilities to prevent hazards. These team members may receive gift cards, branded company gear, or other rewards that reinforce safe choices and demonstrate that safety is everyone's job.

We measure our safety performance through a blend of leading and lagging indicators — including the number of safety observations submitted, inspections conducted, and actions taken to close gaps. All incidents, near misses, and hazards are tracked, analyzed, and shared across the organization to support a cycle of continuous improvement.

This year, we achieved a recordable injury rate of 3.04 — significantly outperforming the U.S. shipbuilding industry average for the 11th year in a row. This achievement reflects the ongoing dedication of our workforce, and we remain focused on learning from every incident and strengthening our systems to move closer to an injury-free workplace.



Weathering the Elements: How Our Private Monitoring System Protects Workers

At HPSI, real-time weather intelligence plays a critical role in safeguarding both people and infrastructure. Through the use of a private weather monitoring system, our HSE team receives timely, location-specific forecasts and severe weather alerts, including high winds, heavy rain, snow, and lightning.

This proactive approach allows the team to issue early warnings to the workforce, halt or adjust operations when conditions become unsafe, and implement site-specific storm protocols to protect ongoing work, materials, and equipment. The system has proven instrumental in preventing incidents and enhancing emergency readiness, especially during periods of extreme weather.

Whether preparing for a sudden thunderstorm or anticipating strong coastal winds, the ability to respond swiftly and strategically helps keep safety at the forefront of every decision.



Building Greener Ships

We are playing a role in shaping the future of sustainable maritime transport. As decarbonization efforts intensify across the maritime industry, our role is evolving — from building ships that meet today's demands to helping design those that anticipate tomorrow's standards. We continue to support our customers as they pursue a new generation of cleaner, more efficient vessels.

In 2024, we deepened our focus on sustainable shipbuilding by integrating advanced environmental technologies that not only reduce emissions but improve vessel performance and lifetime value. Our goal is to serve as a reliable partner in accelerating the transition toward lower-carbon fleets, and we bring a track record of innovation and execution to support that goal.

We recognize the complex landscape shipowners must navigate, from high upfront investment costs to changing regulatory frameworks and emerging emissions targets. Our team stands ready to help shipowners implement a range of future-ready features, some of which are outlined below. These offerings reflect the industry's growing demand for practical, high-impact solutions that improve operational efficiency and reduce environmental footprints.

ADVANCED ENVIRONMENTAL TECHNOLOGIES

Air Lubrication System (ALS)

This energy-saving innovation injects air beneath the hull of the ship, creating an air layer between the hull and sea water that reduces friction and fuel consumption at sea.

Alternative Fuel

Converting from traditional fuel oil to alternative fuels can help reduce ships' carbon footprint and compliance with environmental regulations. The most widely adopted alternative fuel is LNG, which can reduce a ship's CO₂ emissions by 20–30% compared to traditional diesel fuel oil in providing the same amount of propulsion power.

Advanced Tier 3 Engine Design

This type of engine incorporates technologies such as selective catalytic reduction to reduce a ship's nitrogen oxide (NOx) emissions, helping ships meet stringent IMO MARPOL regulations in emission control areas and avoid future fines under regional emissions schemes.

Battery Energy Storage System

This system stores power in large batteries onboard ships, allowing for peak load shaving by providing immediate power and minimizing the running of generators, which improves overall efficiency and reduces fuel costs.

Energy Saving Devices (ESD)

These retrofit technologies enhance hydrodynamic performance in various ways to improve fuel efficiency and the vessel's carbon intensity indicator. Examples of ESDs include modifying the bulbous bow to a more efficient shape, replacing outdated propellers with high-efficiency designs, and adding a cap fin to boost the propeller's efficiency.

LNG Carrier Re-liquefaction System

These systems cool, condense and collect the LNG gas that naturally vaporizes and would otherwise be emitted and lost during transit. Re-liquefaction reduces methane emissions and enhances the carrier's carbon intensity indicator rating, while also reducing cargo loss.

LNG Dual Fuel Conversion

This transformative upgrade allows the ship to use both fuel oil and LNG as fuel, significantly cutting carbon emissions and reducing future financial penalties under FuelEU Maritime and EU Emissions Trading regulations.

Optimized Hull Form

Modifying the shape of the hull allows ships to travel with decreased resistance and fuel consumption, while increasing their power efficiency and improving the carbon intensity index (CII) rating.

Rotor Sails

Wind-assisted propulsion technology, which has a low implementation cost and minimal maintenance needs, can generate significant annual savings in fuel and EU carbon tax expenses for large ocean vessels.

Rudder Bulb with Twisted Rudder

This technology optimizes the shape of the rudder to reduce turbulence from the ship's hub vortex. This lowers drag and produces an efficiency gain that results in less fuel use and cost savings.

Shaft Generator

This technology attaches an electrical generator to the ship's main engine's propeller shaft, so that rotational energy of the shaft can be captured and converted into electricity. This energy can be used to power the ship's systems, which reduces the need for auxiliary generators and lowers fuel consumption and emissions, as well as maintenance costs and noise levels.

Smart Ship Platform & Solution

An integrated digital solution that enhances operational efficiency, safety, and maintenance through real-time monitoring, diagnostics, and smart support.

Environment

Environmental responsibility is embedded in our daily operations and long-term planning, guiding decisions on everything from air and water permits to hazardous waste management. Our commitment to sustainability includes rigorous compliance with all federal, state, and local environmental regulations.

In 2024, we remained focused on environmental performance while planning for a more sustainable future. This included consistent emissions tracking and reporting, proper handling and disposal of hazardous waste, and weekly safety and environmental training to reinforce best practices across our workforce.

Our actions reflect our broader commitment to responsible operations along the waterfront — where we

continue to build vessels that meet the highest standards of quality, safety, and performance. Looking ahead, we remain focused on our long-term goals: reducing hazardous waste, lowering air emissions, and building smarter, more sustainable systems for the future.

ENERGY

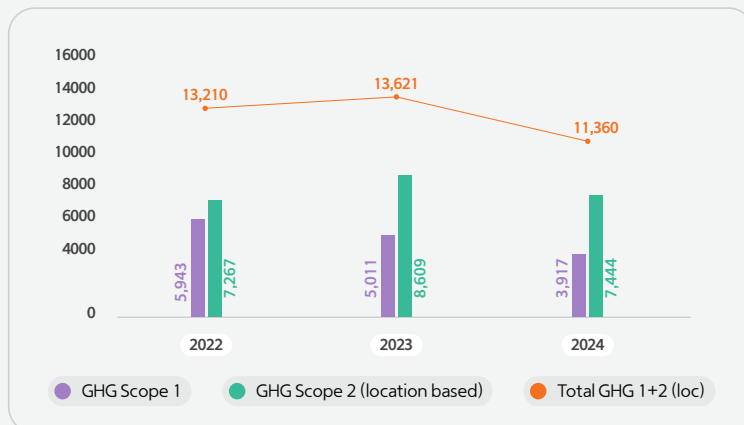
We made significant strides in improving energy efficiency throughout 2024. We also installed soft-start controls on high-draw air compressors, and we continued our site-wide transition to LED lighting, most recently upgrading outdoor fixtures to improve both visibility and energy savings. Tablets were also deployed to supervisory staff to enhance communication and reduce unnecessary movement around vessels, supporting both productivity



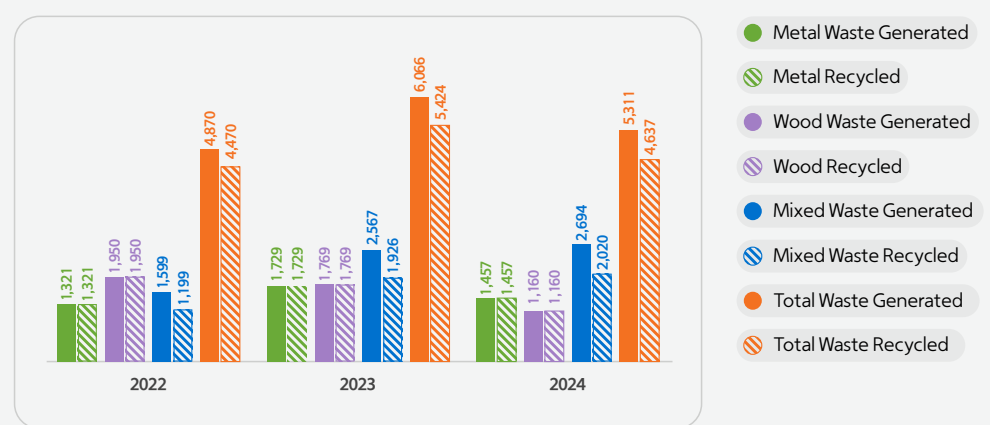
16.6%

Reduction of GHG emissions
compared to 2023

GHG Emissions (MT CO₂ eq)



Waste Generated and Recycled (Tons)



and energy efficiency. We are assessing battery-powered forklifts, utility vehicles, and solar panels for the site. Over the past two years, many pieces of equipment and machinery have been transitioned from diesel generator power to electricity, resulting in improved energy efficiency and reduced GHG emissions. Notably, our total GHG emissions were reduced by nearly 17% compared to 2023.

WASTE MANAGEMENT

Our commitment to waste diversion remains strong, introducing new initiatives to reduce waste. HPSI reduced waste generation by 12% from 2023 and recycled 87% of all waste generated in 2024. We achieved 100% recycling of both metal and wood waste and improved mixed waste recycling from 2023. In our office spaces, we launched a battery recycling program to safely collect and dispose of household batteries from across the Shipyard.

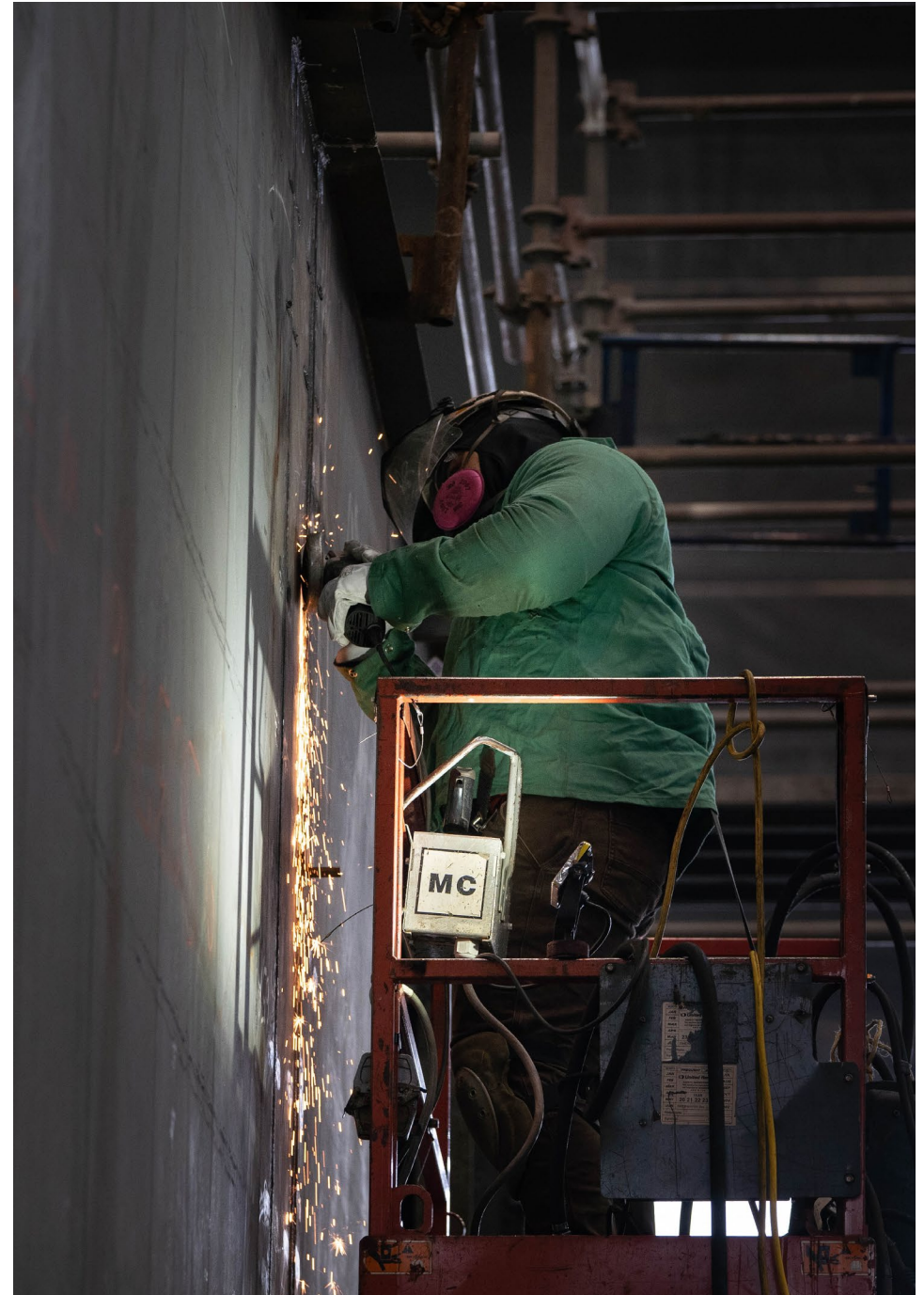


12%

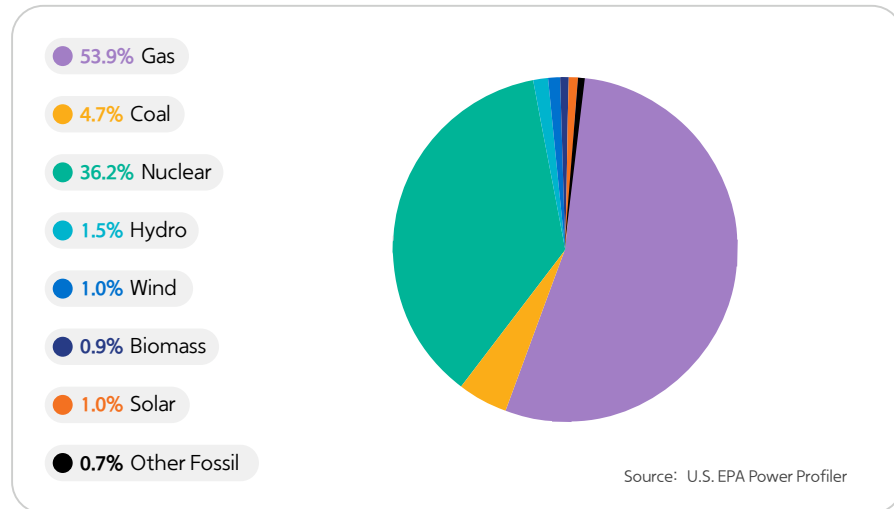
Reduction of waste generated compared to 2023

87%

Waste recycled in 2024

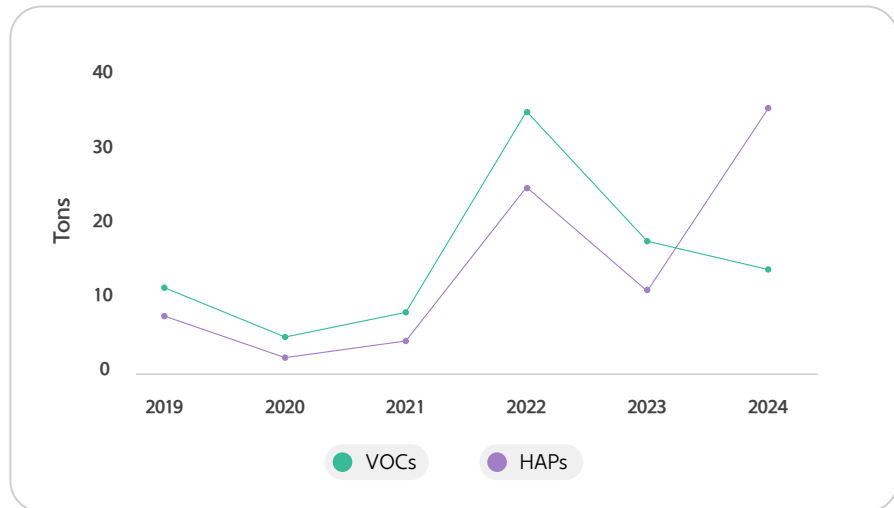


Scope 2 Emissions by Fuel Type



Air Emissions

Volatile Organic Compounds (VOCs)
and Hazardous Air Pollutants (HAPs)



CLIMATE AND EXTREME WEATHER

HPSI is located on a tidal river, exposing us to coastal hazards and extreme weather. These can directly impact the Shipyard's property, people, and business continuity, as well as nearby infrastructure such as bridges, access roads, and utilities. We have strict shutdown protocols for extreme weather events and secure all materials accordingly. We are working proactively to understand the risks posed by climate change and extreme weather and build long-term resilience through evaluating electrification of yard vehicles, installing solar panels, and enhancing thorough storm preparedness measures. These efforts are part of a broader strategy to adapt to climate-related risks, safeguard operations, and ensure business continuity.

AIR EMISSIONS

Reducing air emissions remains a key focus at HPSI. In 2024, we reduced volatile organic compounds (VOCs), while hazardous air pollutants (HAPs) increased due to expanded production activity. We maintain a 12-month rolling calendar of air emissions, submitted to Philadelphia's Air Management Services, and provide regular reports to the Pennsylvania Department of Environmental Protection (PADEP). These efforts help us meet or exceed local and state environmental standards. We also strengthened mitigation efforts with updated handling protocols and weekly environmental training.

WATER

Environmental stewardship at HPSI also means protecting the natural ecosystems around us. In 2024, our team safely returned a protected sturgeon to the river that had been discovered in our dock area, preventing harm to the animal. We also regularly spot bald eagles, which are increasingly visible as their populations continue to recover along the Delaware and Schuylkill Rivers.



Calmer Waters and a Cleaner Dock with the WaveEater System

One major infrastructure enhancement during 2024 was the installation of the WaveEater floating breakwater system at Dry Dock 5. This addition is designed to improve safety, reduce environmental disruption, and protect vital infrastructure. Strategically placed along the dock perimeter, the WaveEater system helps dissipate waves caused by vessel traffic on the Delaware River, reducing rocking and motion aboard ships under construction or repair.

This calmer work environment enhances safety for our crews, particularly those performing precision tasks on board. The WaveEater also supports environmental benefits, acting as a barrier to floating debris and river trash, keeping the dock area cleaner and minimizing the chance of foreign materials entering critical ship components or the surrounding ecosystem. As we continue to modernize our yard, investments like the WaveEater reinforce our goal of building a smarter, safer, and more sustainable shipyard.



Reducing Waste, One Gallon at a Time

HPSI installed a dedicated paint thinner recycling system in its paint hall. This closed-loop system reclaims usable solvent from spent material, reducing the need to purchase new thinner, cutting hazardous waste volumes, and lowering air emissions tied to solvent use. In a single cycle, 45 gallons of used thinner yielded 15 gallons of clean product. The program is expected to deliver measurable environmental and cost savings over time.

Risk Management

Effectively managing risk is essential to protecting the future of Hanwha Philly Shipyard. We operate in a dynamic environment shaped by volatile financial markets, evolving environmental regulations and laws, operational disruptions from extreme weather events linked to climate change, and growing cybersecurity threats.

Through a comprehensive enterprise risk management framework, we actively identify, assess, and prioritize risks based on their potential impact and likelihood. Mitigation strategies are embedded across our operations to enhance resilience and sustainable growth. Newly identified risks are regularly communicated throughout the organization to promote informed decision-making and proactive planning.

Physical and Cybersecurity

In the maritime industry, safeguarding physical assets and critical information is essential to operational resilience. At Hanwha Philly Shipyard, our security framework spans both physical and digital infrastructure, ensuring that the Shipyard remains protected from evolving threats. We maintain a Maritime Security (MARSEC) level as established by the U.S. Coast Guard for regulated shipyard facilities. At the same time, our cybersecurity protocols have grown increasingly sophisticated in response to the heightened risks across the digital landscape.

In 2024, cybersecurity efforts intensified around one of our most pressing risk areas: third-party vendors and supply chain partners. With so many external services and platforms playing a role in procurement, IT, and finance, we launched a new internal initiative to better understand and reduce the risks posed by these third-party connections. Departments across the yard now collaborate more

directly with our cybersecurity team to review internal practices and tighten controls.

We continue to advance our technical defense strategy with tools such as endpoint detection and response (EDR), extended detection and response (XDR), and zero trust implementation, which helps make sure that only the right people can access the right data. These layered tools allow the team to monitor unusual behavior, such as outdated software attempting to access high-risk domains, and respond swiftly to emerging threats.

Phishing remains the most common method of attempted compromise, and we have taken a proactive stance in monitoring end-user activity, limiting remote access from non-company devices, and restricting the use of unsecured cloud services. These controls help reduce the attack surface across our digital environment.

HPSI is working toward alignment with the Department of Defense's Cybersecurity

Maturity Model Certification (CMMC) standards. This ongoing compliance effort focuses on protecting sensitive government-related data by enforcing strict controls over access, storage, and information integrity.

Employee education continues to be a central pillar of our cybersecurity strategy. In addition to mandatory quarterly training modules, employees receive regular security newsletters highlighting new threats, best practices, and seasonal tips. Metrics help track progress and showcase how learning translates into action. Above all, we aim to foster a workplace culture where employees feel informed, empowered, and ready to report suspicious activity.

By combining cutting-edge security tools with clear communication and teamwide engagement, we are building a resilient security posture that keeps pace with the complexities of modern security threats.

Community Involvement

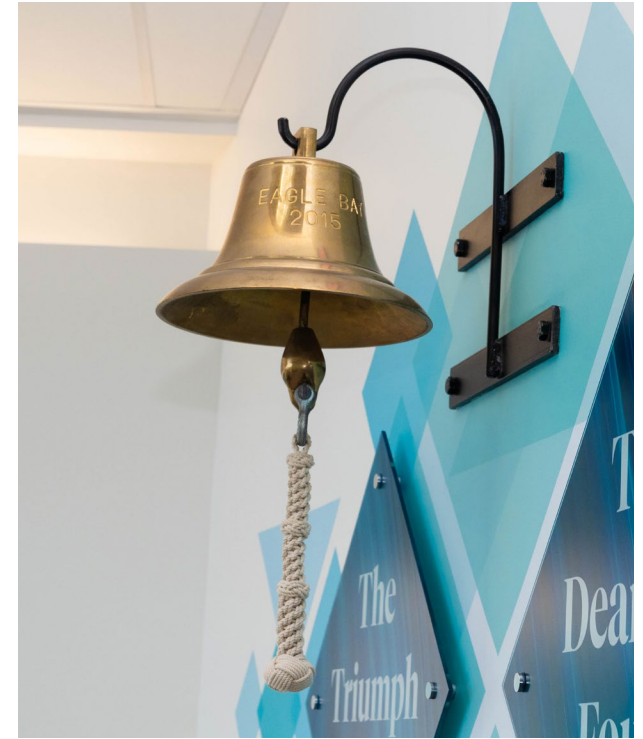
Guided by our CORE principles of Caring and One Shipyard, our commitment to the community extends well beyond the Shipyard's gates. Through employee-led initiatives and strategic community partnerships, we continue to foster meaningful connections with our neighbors while strengthening our internal culture. We believe in showing up with heart and purpose in everything we do.

In 2024, we deepened our support for Penrose Elementary School and Horace Howard Furness High School, two Philadelphia schools identified by the district's community partnership program as having both high-need and high-potential. Our team organized school supply drives, open house giveaways, and teacher appreciation efforts. Together with our supplier partners, we helped more than 250 students start the school year with fully stocked backpacks and the essentials they need to thrive.

This spirit of giving carried into the winter months with a cold-weather clothing drive inspired by needs voiced directly by school leaders and employees. Across departments, donation bins quickly filled with warm coats, socks, gloves, and hats. These items were distributed to families in the Kensington and Allegheny neighborhoods, offering comfort and dignity during Philadelphia's coldest days.

A small initiative launched by our HR and Communications teams also blossomed into a company-wide tradition. Our annual Angel Tree Gift Drive brought holiday cheer to local children. Several employees pitched in, shopping, wrapping, and delivering presents with care and intention.





CREATING MOMENTS OF JOY

One of the year's most heartfelt moments came in honor of Sabrina, the young niece of a Shipyard employee who bravely battled pediatric cancer at Nemours Children's Health. Inspired by her courage, our team donated a ceremonial ship bell to the hospital's new pediatric oncology wing. The bell now stands as a symbol of strength and victory, rung by children as they complete treatment and enter remission. Though Sabrina sadly passed before its dedication, her spirit lives on in this meaningful tribute.

In tandem, employees launched the Cancer Slayer Drive, collecting more than 1,000 Hot Wheels cars — Sabrina's favorite toy — for young patients. These small gifts became powerful sources of joy, distraction, and encouragement for children enduring long hospital stays.

Whether we are delivering backpacks, toys, or smiles, our goal remains the same: to be a company where people are celebrated not just for the work they do, but

for the compassion they bring to it. These efforts humanize the workplace, foster camaraderie across teams, and affirm that we are more than a Shipyard — we are a dedicated community partner.

VOLUNTEER RECOGNITION PROGRAM

Launched in 2024, the Volunteer Recognition Program was created to honor employees who give back to their communities in their own time. Whether mentoring youth, coaching sports, donating goods, or leading community groups, these individuals represent the Shipyard's spirit of service beyond the yard. Employees are encouraged to log their volunteer hours and share how their contributions are making a difference. The program celebrates not just what our people do on the job, but who they are.

As we continue to grow, we are expanding our outreach so the pride we take in our work shines just as brightly in our service to others.



“From mentorship and teamwork to preparation and patience, my experience as a volunteer has deepened my perspective on leadership. The reward isn’t in the recognition but in watching my scouts grow, step out of their comfort zones, and support one another.”

Haley Arici, Production Budget Planner



Leading by Example: Supporting the Next Generation Through Service

Hanwha Philly Shipyard’s Volunteer Recognition Program celebrates employees who give back to their communities in meaningful ways. It was developed as a direct extension of the CORE principle of “Caring,” which unites us in supporting our coworkers, our company, and our communities. One standout volunteer is Haley Arici, who has served as a Girl Scout troop leader for the past two years.

A former Girl Scout herself, Haley was inspired to return to the organization when her former leader invited her to help guide the next generation. Today, she leads a troop of 13 girls, helping them develop confidence, creativity, and courage through weekly activities, service projects, and new challenges.



OUR SUSTAINABILITY JOURNEY

Our sustainability journey began in 2022 with the development of a formal sustainability program. We’ve continued to build on this foundation over the years, reaching exciting milestones such as publishing our very first sustainability report in 2024. As we look ahead, we remain committed to continuously expanding and enhancing these efforts as we strive to build a better Shipyard for our people, our partners, and the environment.



Governance

Our employees form the bedrock of our sustainability achievements. Our robust governance program strategically integrates a top-down mandate, establishing clear direction and ambitious goals, with a vital bottom-up exchange of insights and ideas. This ensures that our sustainability efforts are not only strategically driven but also deeply informed by the varied perspectives and experiences throughout the Shipyard.



UN SDG Mapping

At Hanwha Philly Shipyard, the United Nations Sustainable Development Goals (UN SDGs) help shape our sustainability strategy and align our efforts with global priorities. We use the SDGs as a framework to guide our investments in people, processes, and technology as we move toward a more responsible and resilient future.



7 AFFORDABLE AND CLEAN ENERGY

As a major energy consumer, HPSI supports the transition to affordable and clean energy. We are electrifying more operations and shipbuilding activities and expanding our capabilities to build vessels that run on lower-emission and alternative fuels, contributing to a cleaner maritime industry.



8 DECENT WORK AND ECONOMIC GROWTH

HPSI advances employment and economic growth by creating high-quality jobs with competitive wages, fostering a supportive workforce, upholding labor rights, and offering robust training programs, including our apprenticeship programs that develop the next generation of shipbuilders.



9 INDUSTRY, INNOVATION, AND INFRASTRUCTURE

Through continued investments in digital shipyard technologies and facility upgrades, HPSI plays a leading role in revitalizing U.S. shipbuilding infrastructure and is driving innovation by participating in the redevelopment of the Philadelphia Navy Yard and beyond.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We continue to strengthen our recycling programs and reduce waste across operations. Responsible resource management is woven into our CORE principles and is demonstrated through our commitment to environmental stewardship and compliance.



13 CLIMATE ACTION

Recognizing the energy-intensive nature of shipbuilding, we are taking proactive steps to measure and reduce our greenhouse gas emissions, incorporating more energy-efficient technologies, and enhancing our resilience to climate-related disruptions.



14 LIFE BELOW WATER

Operating alongside the Delaware River, HPSI remains committed to protecting local waterways and advancing sustainable ship designs that support cleaner oceans and rivers worldwide. As builders of vessels for U.S. and international waterways, we also work closely with clients to promote sustainability and implement advanced technologies for more environmentally conscious ships.

Stakeholder Analysis

At Hanwha Philly Shipyard, our commitment to responsible practices resonates across our industry and within the community we proudly call home. We recognize the pivotal role of our global stakeholders in shaping this positive trajectory, and we actively collaborate with them to drive meaningful progress.

In developing this Sustainability/ESG report, HPSI identified a number of stakeholders who have an interest in the Shipyard and with whom we have regular interaction. Ten (10) stakeholder groups were identified, along with the specific expectations each group has around the Shipyard's operations and sustainability activities.

Our engagement with these stakeholders has influenced our approach to sustainability and ESG in many ways. We have increased our dialogue with shipowners about their sustainability goals and how we can build ships that align with their needs as well as regulatory requirements and sustainability trends. Conversations with our owners have resulted in clarifying and focusing our activities. We also have identified opportunities to increase engagement with these stakeholders in the future. We remain committed to providing our valued partners with clear and transparent insights into our operations and our ambitious vision to build a more sustainable Shipyard.

Stakeholder Name	Description	Channel for dialogue	Sustainability/ESG topics of interest	Measures and activities
1. Owners	Hanwha Group companies	Regular meetings and business communications	- Financial performance - ESG risks and opportunities - Establishing metrics and goals - Implement eco-efficiency opportunities - Zero negative ESG incidents	- Continue to engage with owners on ESG priorities on a regular basis - Track new developments in future ESG regulations and reporting requirements - Communicate with owners/ investors on goals, reporting/ disclosure, and new initiatives
2. Employees (and sub-contractors)	HPSI's workforce is a mix of employees (non-union and union) and sub-contractors ranging from supplemental labor to technical skilled workers	CEO walk-and-talks, Supervisor communications, Department meetings, Email, MS Teams, bulletin boards, posters, company-wide newsletters, Intranet, employee survey and focus groups, Appspace TV boards, AlertMedia, CORE Events (donation drives, recreational sports teams, etc.), HPSI Navigators onboarding program, Ethics Hotline, Employee Resource Groups	Employees are interested in workplace safety, training, job security, job/career growth opportunities, company culture, and compensation & benefits programs, WeCare Program (company-sponsored charitable/ donation events, service awards, other company award/ recognition programs)	- Employee survey results - Focus group findings - Participation in workforce development and community programs - Exit interview data - Employee touchpoints for new hires - Mentor Program follow-ups/ surveys - Increase communications about Ethics Hotline (whistleblower program) to build awareness

Stakeholder Name	Description	Channel for dialogue	Sustainability/ESG topics of interest	Measures and activities
3. Philadelphia Metal Trades Union (9 different unions under one umbrella)	• Plumbers • IBEW (Electrical) • Ironworkers • Boilermakers (biggest share of union workers) • Insulators and allied workers • Sheet metal workers • Laborers • Operating engineering • Painters • All production employees (outside of management roles)	• Union–Management meetings • Contract negotiations • Collective bargaining agreement • HR department activities • Grievances • Hearings • Arbitrations • Shop stewards and union leadership • On–site union trailer	• Workforce development • Training • Safety record/worker health • Compensation and benefits • Securing work and new contracts • Participates in the Joint Apprentice Committee (JAC)	• Grievances and resolutions • Workforce retention • Ever improving safety record • Seniority • Contract negotiations
4. Suppliers and Vendors	• Various suppliers and subcontractors	• Routine meetings • Contract negotiations • Terms and conditions • Purchase orders • Correspondence	• Supplemental labor suppliers are concerned with HSE records and labor relations, and need to comply with HPSI’s labor compliance requirements	• Both parties are mutually holding each other accountable • Included policies in supplier terms and conditions. Expand system for tracking supplier agreements • Onboard new suppliers with policies and requirements
5. Customers: Governmental	• Government customers include Department of Defense, U.S. Navy, MARAD	• Washington DC meetings and advocacy • On–site visits from Navy, Coast Guard, other agencies • Trade shows like Sea Air Space and other Navy League events	• Compliance with USCG regulations; MARSEC secure site; safety record; company reputation for quality and on–time deliveries • Investments and improvements to Shipyard capacity and infrastructure • Workforce development initiatives	• Safety record with industry competitors as a business advantage • On–time and on/under budget deliveries vs. competitor rates • Meeting or exceeding industry/ gov standards for sustainability • Government security standards for cyber and physical infrastructure security • Federal contractor requirements • NIST approvals

Stakeholder Name	Description	Channel for dialogue	Sustainability/ESG topics of interest	Measures and activities
6. Customers: Commercial	Private-sector ship owners and operators who are looking to have ships built or repaired. Key opportunities include container ship and tanker new builds, etc.	- Business development activities via meetings, conferences/trade shows (WorkBoat), social media/website - SVP for Commercial Business Development	- Design efficiencies - Fuel type (LNG, ammonium, etc.) - Environmental footprint of HPSI's operations and products, including life cycle analysis (LCAs). - Safety record - Labor record (no strikes)	- Safety record with industry competitors as a business advantage - On-time and on/under budget deliveries vs. competitor rates - Meeting or exceeding industry/gov standards for sustainability - Opportunity to use website and social media more to communicate with customers and stakeholders
7. Regulatory bodies	- PA Dept of Environmental Protection (PADEP) - City of Philadelphia Air Quality Board - USEPA - International Maritime Organization (IMO) - Other regulators	- Regulatory filings - In-person and virtual meetings with regulators, including on-site visits, audits and regulatory inspections	Local and state regulators are most interested in the Shipyard's compliance with environmental permits and regulations, as well as its environmental emissions and energy use.	- Creating a baseline for measurement and then setting improvement goals - Reducing fines or infractions
8. Federal government: Office of the President/Cabinet, U.S. Congress, other policymakers	- Government elected officials, especially those with districts representing HPSI - Office of the President/Cabinet, especially related to executive orders on shipbuilding and maritime trade policy	- Hanwha Washington DC office direct engagement via meetings and communications - Tours and site visits - Indirect advocacy through our industry trade association (Shipbuilders Council of America) - Participate with customers in lobbying Congress for funding of shipbuilding projects - Press events	- Workforce development (jobs) - Workforce training (apprentice program) - Economic output for the region - National infrastructure	- Maintain regulatory compliance and good relationships with regulatory authorities - Explore opportunities for partnerships, collaborations and consortia participation - Coordinate visits and tour requests from elected officials - Social media measurement from events

Stakeholder Name	Description	Channel for dialogue	Sustainability/ESG topics of interest	Measures and activities
9. 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 • PSDC serves as landlord to HPSI	• Navy Yard Engagement Committee (subcommittees for sustainability, volunteerism, etc.) • PIDC-hosted press events and tours • Workforce development partnerships	• High interest in HPSI's growth plans and operations being a good neighbor to Philadelphia and other tenants in the region - by operating in an environmentally responsible way, recruiting a skilled workforce from the local population, and investing in training and development • Financial and workforce development	• Workforce development from partnership programs • Social media measurements to promote both • Event participation • Driving people and business to the Navy Yard
10. Industry and Trade Associations	• American Maritime Partnership (AMP) • American Bureau of Shipping (ABS) • Shipbuilders Council of America (SCA) • International Maritime Organization (IMO)	• HPSI is a member of these organizations • The AMP and SCA conduct lobbying and advocacy on behalf of shipyards • The ABS provides services and certifications, and sets rules around shipbuilding including the Marine Vessel Rules, as well as inspection techniques and criteria • International Organization for Standardization (ISO) provides quality certifications	• The SCA provides guidance to shipbuilders and shipowners around sustainability topics related to shipbuilding • Safety Record (SCA award/recognition) • Quality certifications (ISO)	• Explore future quality certifications • Monitor and participate in sustainability activities and programs of industry associations

Materiality Assessment

Understanding and prioritizing the most significant environmental, social, and governance issues is essential to supporting Hanwha Philly Shipyard's long-term sustainability strategy. Through a combination of stakeholder surveys, benchmarking, and research into industry best practices, we have identified the topics that are most material to our operations and our broader impact. These areas of focus guide our efforts to build a stronger, more resilient business while contributing to a more sustainable future.

ENVIRONMENT

- **Energy Efficiency:** Enhancing operational energy efficiency and driving reductions in overall energy consumption.
- **Climate Change & Greenhouse Gas Emissions:** Managing our impact on climate change by addressing greenhouse gas risks, impacts, and opportunities.
- **Water Management:** Reducing our operational impact on water resources, including runoff control and responsible river water usage.
- **Air Emissions:** Minimizing air emissions, particularly volatile organic compounds and hazardous air pollutants.
- **Waste Reduction & Recycling:** Reducing waste generation and promoting recycling initiatives across our operations.
- **Building Sustainable Ships:** Designing and constructing vessels that meet customer needs for sustainability and lower environmental impact.

SOCIAL

- **Employee Safety & Health:** Prioritizing the health, safety, and well-being of our employees and subcontractors.
- **Recruitment, Retention & Workforce Development:** Building a skilled workforce through targeted recruitment, retention efforts, and comprehensive training programs.
- **Inclusion & Belonging:** Fostering an inclusive workplace and culture that respects and welcomes all team members.
- **Labor Relations:** Maintaining strong, collaborative relationships with union partners.
- **Human Rights:** Upholding international and local human rights standards, including the eradication of modern slavery and child labor.
- **External Communications:** Engaging transparently and proactively with our stakeholders.
- **Community Relations:** Supporting our surrounding community through volunteerism, partnerships, and charitable contributions.

GOVERNANCE

- **Ethics, Compliance & Governance:** Operating with integrity by upholding ethical standards and ensuring full compliance with applicable laws and regulations.
- **Quality:** Maintaining high quality standards and pursuing continuous improvement throughout our operations.
- **Sustainable Procurement & Supplier Responsibility:** Partnering with suppliers who share our commitment to sustainability.
- **Transparency & Disclosure:** Demonstrating accountability through transparent reporting and communication.
- **Risk Management:** Identifying, assessing, and managing risks to strengthen operational resilience and support long-term success.
- **Emergency Preparedness & Resilience:** Strengthening our ability to prepare for, respond to, and recover from emergencies and crises.
- **Financial Performance:** Driving sustainable financial results to support the long-term health of our Shipyard.
- **Physical Asset & Infrastructure Security:** Protecting our facilities, assets, and infrastructure.
- **Data Privacy & Security:** Safeguarding information assets and enhancing cybersecurity to maintain confidentiality, data integrity, and availability.



Targets for a Sustainable Future

We are setting future-focused targets in order to define our ambitions and to challenge ourselves to make progress in areas that have a positive impact on people and the planet.

As part of the Hanwha Group of companies, Hanwha Philly Shipyard is developing KPIs and targets that will support and contribute to the Group's

global sustainability targets, while also aligning with the future growth plans of our Shipyard.

During 2024, we identified three priority areas for setting sustainability targets: Energy, Safety, and Sustainable Workforce. We will continue working through 2025 and beyond to further define these targets.



ENERGY

HPSI will implement energy efficiency improvements to reduce our greenhouse gas emission intensity and develop resilience strategies for climate-related risks.



SAFETY

HPSI places the highest priority on safeguarding the health and safety of our employees and subcontractors, and we align with Hanwha's ambitious targets for reducing our injury rate.



SUSTAINABLE WORKFORCE

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



About This Report

This report highlights HPSI's approach to sustainability and reflects our progress across ESG priorities. It covers activities and performance for the 2024 calendar year, unless otherwise specified.

By sharing this report, we aim to provide transparency into our operations, demonstrate our commitment to responsible growth, and outline how we are contributing to a more sustainable future.

Additional information is available at
www.hanwhaphillyshipyard.com/sustainability.

Questions regarding the report can be directed to
communications@hanwhaphillyshipyard.com.



Hanwha Philly Shipyard



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