

Statement of Corporate Intent

2021/2026



ASC

About ASC

ASC is Australia's sovereign submarine sustainment and maritime services company, delivering 92 per cent Australian Industry Content in its sustainment of the Royal Australian Navy's (RANs) Collins Class submarines (CCSMs).

A proprietary limited company registered under the *Corporations Act 2001*, ASC is 100 per cent owned by the Commonwealth of Australia. ASC's sole Shareholder Minister is the Minister for Finance, Senator the Hon Simon Birmingham.

ASC was established in 1985 in South Australia. In 1987, it was selected as prime contractor for the delivery of Australia's first locally built submarine fleet.

At the conclusion of the six CCSM build program in 2003, ASC was awarded the contract for through-life support, maintenance and design upgrades of the submarines.

In 2004, ASC changed its name and identity from 'Australian Submarine Corporation' to ASC Pty Ltd, to incorporate its shipbuilding endeavours.

In 2005, following a competitive tender, the Australian Government selected ASC as the shipbuilder for the Hobart Class Air Warfare Destroyer (AWD) Program, as part of the AWD Alliance. The third and final AWD was successfully delivered in 2020.

In 2017, ASC tendered for and won the role of South Australian shipbuilder for the Arafura Class Offshore Patrol Vessels (OPVs). ASC entered into a contract with prime contractor Luerssen Australia in November 2018, and supports Luerssen in the construction of the first two vessels, *Arafura* and *Eyre*.

In June 2018, ASC subsidiary ASC Shipbuilding Pty Ltd was announced as the shipbuilder for the Hunter Class Frigates. A structural separation of ASC Shipbuilding Pty Ltd from ASC Pty Ltd occurred in December 2018, with ASC Shipbuilding becoming a subsidiary of BAE Systems Australia. ASC Shipbuilding changed its trading name to BAE Systems Maritime Australia in 2021.

In 2018, ASC became the first Australian defence company to achieve asset management certification under global

standard ISO 55001, which represents international best practice for the management of complex physical assets.

ASC is contracted to provide submariner training services to the RAN, staffing the Submarine Training and Systems Centre at HMAS *Stirling* in Western Australia since 1992. ASC has trained more than 1,000 submariners, as the RAN's enduring and trusted partner in submariner training.

ASC's 1,300-strong workforce is based across two states, at Osborne in South Australia and Henderson in Western Australia. ASC's submarine platform experts are recognised for their unique knowledge, with many seconded to the Australian Government's Future Submarine Technical Office (FSTO), while its apprenticeship, undergraduate and graduate programs are training Australia's submarine experts of the future.

For 36 years ASC has proudly served Australia as an integral part of its sovereign naval industrial capability, providing submarine know-how and know-why that is unparalleled in the nation.



Chairman's Message

ASC is a reliable, sovereign submarine capability, with a wealth of expertise and a significant responsibility to the RAN and the nation. The company's performance directly contributes to Australia's submarine availability.



ASC's Statement of Corporate Intent (SCI) 2021/2026 provides a summary of the company's strategy, future opportunities, performance goals, and risks over the next five years.

ASC provides reliable, sovereign submarine capability, through its wealth of expertise and significant responsibility to the RAN and the nation. The company's performance directly contributes to Australia's submarine availability.

In late 2020, ASC entered an eight-year contract extension with the Australian Government for Performance Period 4 (PP4). PP4 includes a high priority on achieving cost efficiencies, which will be supported by improvements to systems and processes through the company's Digital Transformation Program (DTP).

ASC's future work focusses on the Life of Type Extension (LOTE) to the CCSM and collaborations with Naval Group Australia including training initiatives, while progressing relationships with manufacturers and service providers to both the CCSM and ACSM programs.

ASC's work on the AWD program is steadily reducing, with all warranty obligations to be met by January 2022. The company's construction work on the first two OPVs continues, under contract to Luerksen Australia.

Work Health Safety and Environment (WHSE) remains paramount to ASC, and this year sees the implementation of the company's new WHSE Strategy 2021/2023, that will further enhance its proactive safety culture. COVID-19 continues to influence operational activities, and ASC will monitor and review its practices in the changing pandemic environment.

Attracting, retaining and developing employees is a priority throughout the business, as competition for experienced staff intensifies in the naval shipbuilding industry. ASC is addressing this challenge with strategic workforce planning and a range of initiatives.

ASC's dedication to providing an exemplary service to the RAN and value for money to the Australian Government will continue to underpin its activities.

ASC's SCI 2021/2026 has been prepared for the consolidated ASC Group, noting that ASC has two dormant subsidiaries and two subsidiaries that are contracting entities for its shipbuilding programs.

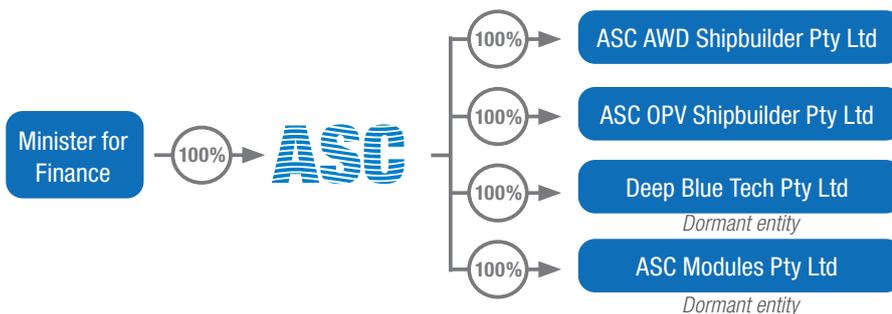
The SCI covers the years of 2021 through to 2026 under the requirements of subsection 95(1) of the *Public Governance, Performance and Accountability Act 2013* and *Public Governance, Performance and Accountability Rules 2014*.

Bruce Carter
Chairman

Our Purpose



ASC Group Structure



On 11 June 2004, ASC was proclaimed as a Government Business Enterprise (GBE) under the then *Commonwealth Authorities and Companies Act 1997*. ASC remains a GBE pursuant to section 5(2)(a) of the *Public Governance, Performance and Accountability Rule 2014*.

Our Vision

To be an enduring and integral part of Australia's maritime strategy and national security.

Our Mission

To be a trusted and efficient partner with sovereign design, build and sustainment capabilities driving best value for our customers.

Our Values

- Protect
- Respect
- Integrity
- Discipline
- Excellence

Our Purpose

ASC is Australia's dedicated submarine sustainment and maritime services company.

As Australia's only established sovereign submarine capability, ASC is central to achieving Australia's long term submarine objectives. ASC is committed to delivering the world's best submarine sustainment and capability support services to Australia's submarine programs.

The company's strategic focus is to achieve continuous improvements in program performance and capability, while supporting its experienced workforce to remain

Australia's leading provider of submarine platform expertise and services.

In addition to ASC's strategic objectives, ASC's constitution sets out objectives that guide the company's activities:

- Enhance and maintain the Australian Defence Force's maritime defence capabilities.
- Support Australian Government policies in relation to the Australian naval surface shipbuilding and repair industry and the submarine sustainment and construction industry.

Submarine Sustainment and Capability Development

ASC will continue its focus on delivering beyond benchmark availability and efficiency to the RAN, while meeting its high performance standards.

As the platform system integrator for the CCSM fleet, ASC's performance directly contributes to Australia's submarine capability and ensures the fleet's regional superiority.

In late 2020, ASC finalised an eight-year contract extension with the Australian Government for the continued maintenance and upgrade of the submarines. This extension represents the most significant submarine sustainment contract in Australia's history and is a strong endorsement of ASC's 1,300-strong workforce, while providing certainty to ASC's sovereign supply chain.

The continued success of the CCSM sustainment program depends on attracting, training and sustaining a qualified and experienced workforce. ASC is focused on developing the capacity of its workforce to support the CCSM through to its LOTE.

The CCSM LOTE program is a key enabler for Australia's continued deployment of submarine capability throughout the 2030s and 2040s, ensuring there are no gaps in capability when



the RAN transitions to a multi-class fleet with the delivery of the first ACSMs.

ASC's DTP will support the LOTE and place ASC at the cutting-edge of submarine sustainment innovation.

Safety remains the highest priority in delivering the CCSM sustainment program. ASC will continue to review its processes and initiatives to safeguard workers and meet its scheduled targets.

Ensuring Australia maintains its submarine capability has been a critical requirement of the Australian Government during the

COVID-19 pandemic and ASC's sustainment work has continued under revised routines, aligned with state and federal policies. These practices will be reviewed and adapted in line with the challenges of the pandemic. ASC will maintain a proactive approach to ensure it continues to meet scheduling and submarine availability targets.

As the RAN's key partner in submariner training services, ASC has provided services at HMAS *Stirling* in Western Australia for the past 29 years and has trained more than 1,000 submariners over this time.



Shipbuilding

ASC's construction work on the first two OPVs continues, under contract to Luerssen Australia.



Offshore Patrol Vessel Program

ASC is subcontracted as the South Australian shipbuilder to Luerssen Australia for the first two OPVs, and has executed the OPV program at the Osborne Naval Shipyard since August 2018. Following completion of the vessels, Luerssen Australia will build the remaining 10 OPVs with Cvmec in Western Australia as required by the Australian Government.

Air Warfare Destroyer Program

In February 2020, the AWD Alliance delivered HMAS *Sydney* to the Australian Government, effectively marking the end of the AWD shipbuilding program. HMAS *Sydney* was commissioned into service in May 2020, joining HMAS *Brisbane* and HMAS *Hobart* in the RAN's Hobart Class fleet.

ASC's warranty and certification responsibilities on the AWD program will cease by January 2022, once all three ships are 'formally accepted' by the Department of Defence's Capability Acquisition and Sustainment Group (CASG).

Future Opportunities

Through its skilled workforce and depth of knowledge of the CCSM, ASC will continue to provide world-class sustainment services and incorporate capability improvements, including the CCSM LOTE.

The National Naval Shipbuilding Plan highlights the need for enhanced sustainment of the CCSM program to avoid a submarine capability gap.

With the critical mass of ACSM sustainment activities expected to commence in the early 2030s, ASC is pursuing aligned opportunities that strengthen its business operations over the next decade.

ASC's collaboration with Naval Group Australia to train apprentices is continuing and in a similar arrangement, ASC is under contract to integrate Naval Group Australia's engineering graduates into its existing graduate program.

These collaborations are bridging the CCSM and ACSM programs to provide a stronger and more effective sovereign submarine enterprise to design, build and sustain submarines in Australia.

ASC is focussed on attracting, retaining and developing the workforce required to deliver future activities. Accordingly, the company is pursuing opportunities that build upon its successful delivery of submariner training services to the RAN, including the development and growth of ASC's existing contract with the Submarine Training and Systems Centre.

Digital Transformation Program

ASC recognises the need for modern IT systems to continue to deliver its complex sustainment program in a competitive industry. Launched in April 2021, ASC's DTP will significantly increase the organisation's effectiveness and efficiencies, ensuring value for money for the Australian Government.

The DTP will standardise and integrate ASC's systems and processes to support the company's capability now and into the

future. It will bring deeper business insights to empower employees in their roles and improve the work they deliver.

The program will support greater performance and reliability, build more comprehensive knowledge retention, and improve ASC's ability to support future submarine programs.

The capacity to use real-time data will drive decision making, ensuring ASC continues to deliver above benchmark performance in submarine availability.

ASC's employees have played a significant role in shaping the DTP and will continue to inform the transformation of the business as it progresses.

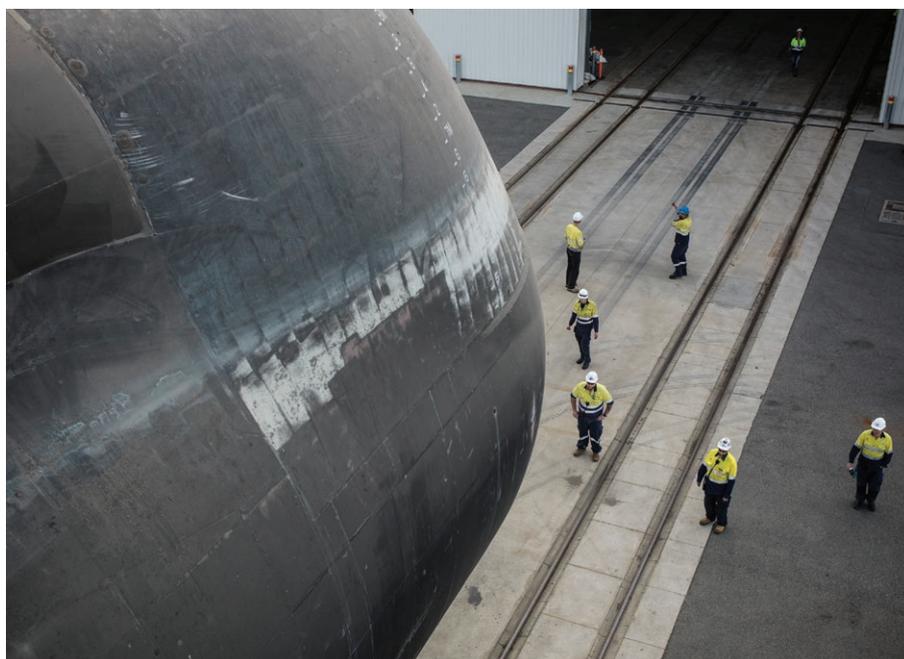


Strategy and Business Environment

ASC is actively developing new strategic partners while strengthening its existing strong, open and collaborative relationships with key customers and stakeholders.

ASC's strategy has four interrelated elements:

- Delivering world's best submarine sustainment and capability support services to the CCSMs whilst simultaneously executing contracted obligations for the AWD and OPV programs.
- Attracting, retaining and growing its expert submarine workforce to support increasing labour demands in a competitive environment.
- Enhancing the cost and transformational culture inside ASC to deliver value to its customers and shareholder.
- Building Australia's sovereign capability.



Submarine Sustainment

ASC will continue to focus on delivering CCSM maintenance and upgrades including its LOTE, while developing additional capabilities that align with future opportunities.

These will be supported by ongoing investment in developing and retaining employees, and modernising and transforming ASC's information systems to ensure the company is able to fully realise the benefits of Industry 4.0 and beyond.

A key component of this strategy is ASC's investment in its DTP, which includes key features to 'future-proof' operations and increase efficiencies and effectiveness.

Future Submarine Technical Office

ASC remains a crucial supplier of sovereign submarine expertise to the FSTO. ASC has several employees seconded to the office, including two based in Cherbourg.

As a key Australian source of experienced submarine platform knowledge and capability, ASC expects to continue providing submarine design and construction expertise to the FSTO.

Delivering Under COVID-19 Conditions

Like many Australian businesses, ASC continues to manage the impact of the COVID-19 pandemic. The pandemic has brought challenges in terms of supply and production, however there has been no disruption to submarine availability.

ASC is committed to providing a safe workplace for its people in a performance-driven environment, and will continue to monitor and adapt to the external environment, including the challenges of the COVID-19 pandemic. Appropriate policies and procedures are embedded across corporate and shipyard environments to ensure workers are protected and able to carry out their roles safely and effectively.

Performance

ASC will ensure Australia maintains a potent submarine capability whilst maintaining the company's performance targets.

Financial

ASC's primary sources of revenue include the CCSM program and ASC's two shipbuilding contracts - the OPV build and the nearly completed AWD contract.

ASC's financial objectives are to achieve profit before tax and cash reserves in accordance with, or better than, planned projections.

Non-Financial

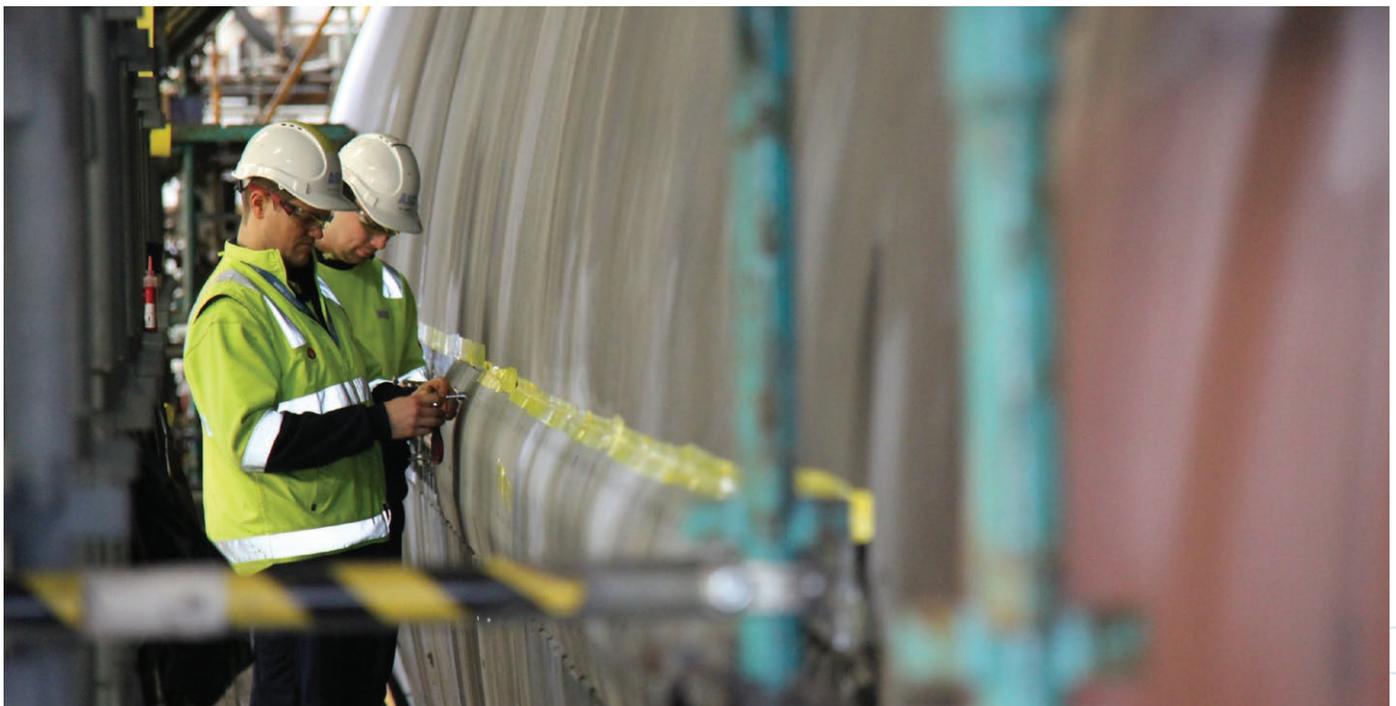
ASC's focus to 2026 and beyond is to deliver benchmark efficiency, while maintaining its performance targets.

Positive performance evaluations of the CCSM program reflect ASC's ongoing collaboration with the RAN and CASG to support Australia's overall submarine outcomes. The program continues to achieve above benchmark performance, exceeding RAN's requirement for submarine availability and delivering efficiencies across the enterprise.

As the COVID-19 pandemic endures, ASC will ensure Australia maintains a potent submarine capability as a critical strategic requirement of government, as well as maintaining its role in the delivery of the OPV program.

In 2021/2022, ASC will:

- Continue its intermediate and full cycle docking programs at its Henderson and Osborne facilities.
- Meet warranty obligations under the AWD contract.
- Maintain progress on the construction of the two OPVs with the first, *Arafura*, expected to be complete in 2021.
- Provide high quality submariner training and continue to work with the RAN to develop the Submarine Sea Qualification for on-shore rather than at-sea delivery.
- Expand submariner training opportunities through virtual reality platforms and simulators to allow for increased trainee numbers in preparation for the larger crew requirements of the ACSM.
- Deliver the first stage of ASC's DTP.
- Continue safe submarine sustainment work at ASC's sites in Osborne and Henderson, aligned with the relevant state and federal government policies for the management of COVID-19.



Risk Management

ASC's deep commitment to risk management is fundamental to achieving its strategic objectives, and is demonstrated through the company's comprehensive Risk Management Framework and risk governance structure.



The ASC board fosters a strong risk culture and promotes a hands-on approach to managing risk through the operation of the Business Assurance and Security Committee (BASC), its board sub-committee. The BASC oversees the implementation of the Risk Management Framework and is responsible for monitoring risk performance to ensure threats and opportunities are appropriately identified, assessed, communicated and managed across ASC. Additionally, an

Executive Risk Management Committee ensures ASC's risk management approach is in accordance with the framework.

The framework includes an overarching policy direction for risk management across the organisation and outlines ASC's Risk Appetite Statement. Its design and operation aligns with AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines (ISO 31000) and describes ASC's approach

to the risk management process including risk identification, evaluation, treatment, monitoring, reporting and continuous improvement.

ASC's risk profile considers strategic, operational, program and project level risks across key areas which have the potential to impact the performance of the organisation.

Capability

ASC's distinctive capabilities are crucial in supporting the business to achieve its strategic objectives.

People

ASC recognises that the unique skills and experience of its workforce are its most valuable asset, and continuing to attract, retain and develop skilled employees is critical to achieving the company's goals.

As Australian naval shipbuilding programs develop and mature, competition is increasing for skilled employees. ASC has implemented a number of employee engagement initiatives and a remuneration review to ensure it remains competitive, and enhances its standing as an 'employer of choice'.

ASC's "Together As One Program" is a recently implemented a wide-ranging initiative including training and work flexibility that aims to ensure every ASC employee feels valued and supported. A new employee recognition program improving how employee achievements are celebrated has also been rolled out.

A review of core organisational roles required over the next five years and beyond has been completed, with further attraction and retention strategies to be implemented based on its findings.

ASC is deeply committed to developing and nurturing the next generation of submarine sustainment experts and maintains an annual intake of apprentices, undergraduates and graduates through its highly sought-after and well-designed programs.

Facilities

ASC operates from two modern, purpose-built submarine sustainment facilities that are unrivalled in Australia.



ASC North is located in Australian Naval Infrastructure's Osborne Naval Shipyard in South Australia, which is the largest naval shipbuilding hub in the nation.

ASC West is located in Henderson, Western Australia under lease from the Western Australian Government, through Development WA and the Australian Marine Complex.

Supply Chain

ASC manages a large, complex and diverse supply chain that is an enduring and integral part of Australia's maritime strategy.

Capturing Australian industry content of 92 per cent, ASC's commitment to local industry is supporting jobs and the nation's economy, while delivering quality, secure and resilient supplies and services.

ASC has extensive experience managing integrated supply chains in major Defence programs, including the CCSM build and sustainment programs and the AWD and OPV build programs. Its capabilities in procurement, inventory, warehousing and logistics combine to deliver value for money, supply chain security and the development of Australia's defence industry.

Several Australian companies have been working with ASC since the CCSM build program began more than 30 years ago.

In 2020, ASC was recognised with the Procurement Excellence Advanced Silver Award by the Chartered Institute of Procurement and Supply. This award confirms that ASC's supply chain meets the high standards expected in maintaining Australia's frontline naval capabilities, and its procurement function operates at international benchmarks.

ASC recently published its first Modern Slavery Statement, outlining a comprehensive strategy to ensure a supply chain free of slavery. ASC will report on its actions annually to assess and address modern slavery risks, and maintain responsible and transparent supply chains.

The continued preservation of ASC's supply chain throughout the national response to COVID-19 remains important for material availability to deliver ASC's programs on schedule.

Corporate Social Responsibility

As a responsible corporate citizen, ASC is committed to improving and adding value to society and the environment, as well as economic value to Australia.

ASC builds corporate social responsibility into its everyday business and embraces environmental and safety best practice, together with inclusivity, respect and acceptance of all cultures and demographics.

ASC is dedicated to growing local jobs and building Australia's defence industry capability.

The company's diversity and inclusion programs include voluntary and mandatory courses, including unconscious bias and harassment training to be undertaken by all employees from mid-2021.

In 2021, ASC launched its first Reflect Reconciliation Action Plan, a detailed framework outlining how the company will develop its relationships with Aboriginal and Torres Strait Islander stakeholders, and deliver greater contributions to reconciliation within ASC and its wider communities.





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