

Electric Boat - 2023 Priorities

Safety, Quality, Shipbuilding Velocity and People

Safety: We will maintain a safe work environment by engaging and empowering our people to be responsible for their own and each other's safety. Over the last three years, we have sustained year-over-year improvement of recordable and lost-injury rates. When it comes to the safety of our team, there can be no retreat. I expect each Director to develop a team safety implementation plan following the guidance of our Total Safety Culture roadmap. The hallmarks of a successful safety implementation plan are engagement with our people and empowering each member of our team to be an active participant.

We will be adding as many as 4,000 new shipbuilders to our team this coming year. As new shipbuilders join our ranks, we must anticipate some dilution in our collective safety knowledge and work to constantly reinforce fundamental safety practices. We must avoid assuming, because we've taught and often re-taught safety lessons, that "everyone gets it," and we've graduated beyond the basics. In 2022, our employees with less than one year of experience accounted for 26 percent of our recordable injuries and 55 percent of our lost-work-day cases. I expect our Operations and Safety teams to specifically address injury and lost-work-day rates for our new employees. A significant percentage of our injuries—nearly 30 percent—are the result of transiting to and from the worksite. These "to and from" injuries should be emphasized as part of our safety implementation plans to help reduce the largest single contributor to our recordable and lost-work-day rates.

Quality: We will deliver first-time quality to each other and the Navy and continue to foster a culture of learning and continuous improvement. Electric Boat has a well-earned reputation for delivering high-quality submarines to our Navy. There are many examples where first-time quality is significantly improved, such as in our pass rates associated with pipe and steel fitting, welding and non-destructive testing. We must commit to developing a culture of "building quality in" rather than "inspecting quality in."

I expect each Director to continue to define and mature their Quality Implementation Plan following the guidance of our Total Quality Culture roadmap with the help of our newly established Quality Improvement Groups (QIGs). Specifically, each director should complete all actions identified in 2022 for Levels 1 and 2 of their roadmap, assess effectiveness and adjust as necessary. For 2023, Directors will implement a Level-3 plan with focus on delivering high-quality products to our internal customers. This requires each of us to understand the specific needs of our internal customers so that we can evaluate our efforts to improve first-time quality and reduce rework. Additionally, I expect each Director to enhance our learning culture through active engagement of our people in continuous process improvement and in conducting surveillances of work-in-progress to identify learning gaps and reinforce quality fundamentals.

Shipbuilding Velocity: We will deliver submarines faster across our product lines, programs and services. Electric Boat plays a vital role in our national security because of the importance of submarines. While none of us seek conflict, we know our fast-attack submarines will be the first to fight and will hold the line against enemy aggression. Our ballistic-missile submarines, and especially the Columbia class, have, and will continue to deter aggression. As the experience of our workforce has changed, our supplier industrial base workforce has also changed. COVID-19 has inflicted delays and

disruption across the country and, in particular, across our shipbuilding enterprise. As a result, we are not moving at a rate fast enough to meet our nation's needs—we must improve. For 2023, we will focus on volume—how much we produce—and velocity—how quickly we can produce. Specific objectives include:

- **Quonset Point:** Achieve a minimum work order attainment goal of 5,000 work orders per week while achieving a week-over-week reduction in work order delinquency. Meet or exceed delivery of all submarine modules in accordance with the Virginia Class Over-Target Schedule.
- **Groton Operations:** Achieve a minimum work order attainment goal of 300 work orders per week while achieving a week-over-week reduction in work order delinquency.
- **Columbia Program Office, Planning, Program Finance and Operations:** Meet or exceed delivery of all Columbia-class submarine modules in accordance with the 78-month lead ship delivery schedule. Develop a detailed final assembly and test “Under Glass” plan no later than 04/30/23.
- **Virginia Program Office, Planning, Program Finance and Operations:** Establish and empower project teams to refine schedules for Block IV and V ships. Achieve delivery of USS Vermont no later than 3/10/23, delivery of USS Rickover no later than 4/30/23 and delivery of USS Iowa no later than 12/31/23. Delivery of USS Iowa will be an enormous challenge—a challenge that will require our collective strength and agility—and will be a tremendous achievement for our country and our corporation and further solidify our reputation as ‘the first and still the finest’ submarine builders in the world.
- **Maintenance and Modernization:** Maintain USS Hartford on a 48-month schedule by completing an average of 50 TGIs per week.
- **Integrated Master Schedule Methodology:** Establish achievable integrated master schedules across all projects and programs and integrate the IMS into our business systems as the single “source of truth.” At the enterprise level, our integrated master schedule methodology aggregates resource, space, material and schedule demands and resolves potential conflicts across projects that includes at least 15 submarines in various stages of construction and three major design engineering and design programs to drive our velocity and growth.
- **Strategic Sourcing:** Empower our Focus Factory suppliers, W-International, Rhoads and Austal USA, to successfully execute 650,000 hours of work by ensuring the timely provision of people, paper and material.
- **Preserve Our Future by Outpacing Our Adversaries with New Capability Development:** Increase the pace of capability insertion into the Virginia fast-attack submarine (SSW and Block VI). Exceed 385 arrangements on SSW and help our Navy define the next-generation submarine (SSNX).

People: We will retain, develop and attract world-class shipbuilders. Every Electric Boat shipbuilder is a vital part of a team that supports our mission, without exception. Our strength comes from trust—trust in our leaders, trust in each other and trust in our own expertise, judgment and skill. We are accountable to each other and embrace the responsibility to deliver world-class submarines. Our submarines are in high demand and we must grow our people, in numbers and in capability and diversity, to meet that need. In 2023, we will:

- **Hiring new shipbuilders:** We will hire across our business in Engineering and Operations with a goal to onboard 1,500 trades personnel into Quonset Point, 1,200 trades personnel into Groton Operations and 1,400 personnel into Engineering and Design.
- **Training and Development:** We invest a lot of time and money to develop and deliver training. The purpose of this investment is to ensure our people are safe, proficient and efficient in their daily work. I expect our Directors to make training of their people a priority. Our leaders own the training curricula. If training does not suit your needs, then you are obligated to work with our training professionals until it is fixed. Our training pipelines offer us an externally funded, strategic advantage over our competition. I expect you to leverage this advantage and our community partners (EWIB, SENEDIA, etc.) to maximum effectiveness. Finally, for our leaders, your training is also important. We have developed leadership training (BLG, FLG, DLDP, etc.) to help make you a more effective leader. I expect you to take full advantage of what EB has to offer. Our ability to recruit and retain people is dependent on your leadership abilities and knowledge. Never stop learning.
- **Retention:** Across our country, and especially in manufacturing and engineering businesses, we are seeing increased attrition rates. Electric Boat is not immune. We must be proactive in engaging with our people so that we can connect them to our product and mission. I expect our leaders to work with their HR business partners to initiate retention plans. I also ask all leaders to follow our Core Values in everything we do, to be approachable, discuss our business, listen to employee concerns and take action to address areas where we may be falling short. For our people, I expect you to provide constructive feedback and to offer ideas on how we may improve retention and development. Attracting, recruiting, training and continuously developing our people is expensive, so retaining each member of our team is integral to growing and improving our business.