



# RHEINMETALL DEFENCE AUSTRALIA COMPLIANCE

MODERN SLAVERY STATEMENT Year 2023



## INTRODUCITON

**This Modern Slavery Statement** Is A Joint Statement Of Rheinmetall Defence Australia Pty Ltd As The Main Operating Entity In Australia And Wholly-Owned Rheinmetall Entities (As Listed Below And Combined As “Rheinmetall Defence Australia”) For The Financial Year Ending 31 December 2023:

- Rheinmetall Defence Australia Pty Ltd, (ACN 137 668 092);
- Rheinmetall MAN Military Vehicles Australia Pty Ltd, (ACN 114 035 595);
- Logistic Solutions Australasia Pty Ltd, (ACN 082 483 154).

This is Rheinmetall Defence Australia’s fourth annual Modern Slavery Statement. The statement describes what the Rheinmetall entities in Australia together with overseas-located corporate roles (e.g. Compliance, Corporate Social Responsibility and Supply Chain Department) within the Rheinmetall Group has actioned in 2023 and earlier to prevent Modern Slavery and human trafficking activities in its supply chain or in any other parts of the business.

Rheinmetall Defence Australia is headquartered at the Military Vehicle Centre of Excellence production facility in Redbank, Queensland and has offices in Adelaide, Brisbane, Melbourne and Wellington, New Zealand.



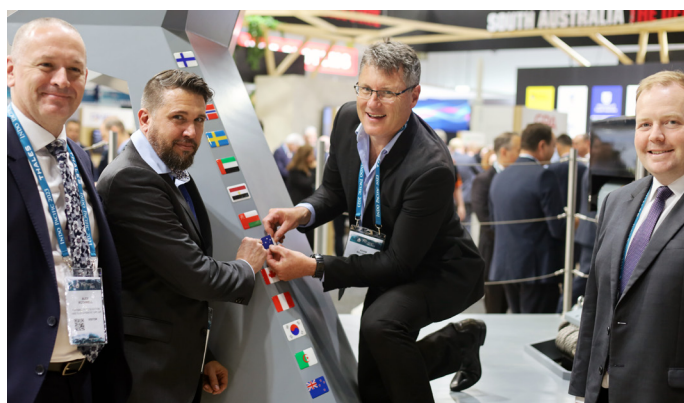
## ORGANISATIONAL STRUCTURE

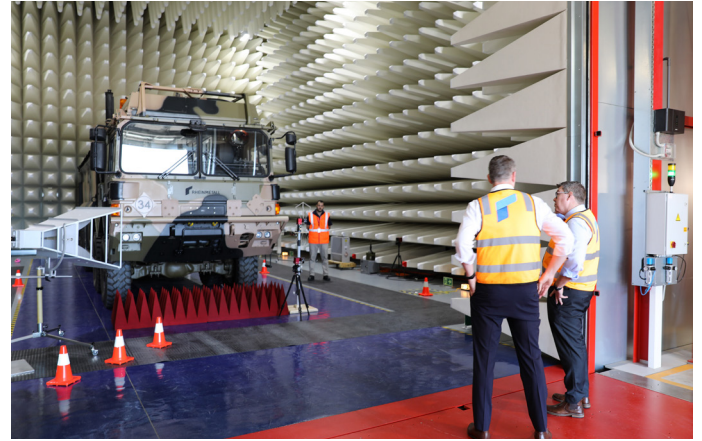
Rheinmetall Defence Australia is a manufacturer and service provider in the defence sector that is wholly-owned by Rheinmetall Group. Rheinmetall AG is the parent company of the Rheinmetall Group and has its registered office in Dusseldorf, Germany.

The Group has more than 26,500 employees worldwide with global annual consolidated sales of approximately AUD11.9bn (EUR 7.2bn). It operates through 175 subsidiaries in Europe, America, Asia, Africa and Australia. The Australian workforce had around 900 employees at the end of December 2023.

Rheinmetall Defence Australia is organised into three main business divisions:

- Vehicles Systems: production and development of military vehicles and turrets;
- Electronic Solutions: production and engineering of simulation, training systems and fire control solutions; and
- Weapon and Ammunition: production and engineering of armour systems and weapon assembly.





**SUPPLY CHAIN**

The Rheinmetall Group acquires goods and services from countries all over the world to manufacture its products. Due to the extensive product portfolio some of the supply chains of the Rheinmetall Group are complex, globally fragmented and subject to rapid change.

In 2023, the geographical distribution of suppliers by region for production material (in percentage) was:

**49 %**  
From Germany

**20%**  
Other European countries

**22%**  
OCED-Countries  
(Excluding Germany and the EU)

**9%**  
From non OECD Countries

Supply chains in the defence industry are characterised by complex relationships and limited supply markets constrained by proprietary products or technology and specialised certifications. The broad product range leads to a significant proportion of single and sole-sourcing to manufacture. Military authorities as end users of these products qualify defence products based on performance, the manufacturing process, manufacturing location and suppliers.

The business continues to expand and qualify a broad network in Australia to support delivery of Australian Industrial Capability commitments and introduction of Australian suppliers to the Rheinmetall Global Supply Chain. Rheinmetall Group products are dependent on high quality raw materials, components and a well-qualified supply base.







The Group seeks a high degree of quality assurance through internationally recognised standards, such as ISO 9001, from its suppliers. Environmental, Social Responsibility and Governance (“ESG”) criteria also form part of the evaluation and selection process when considering new supplier relationships.

Australian and German laws and regulations govern the assumption of responsibility in global supply chains. The German Supply Chain Due Diligence Act, obliges companies to monitor their suppliers’ compliance with internationally recognized human rights and environmental issues.

The risk management system for suppliers is managed by the ESG Supply Chain unit, which was established in 2023 as part of the cross-divisional purchasing organisation. To do this, Rheinmetall uses the of service provider, EcoVadis.

The ESG rating is based on a Self-Assessment Questionnaire (SAQ) tailored to the respective supplier regarding three risk aspects (company size, industry/sector, purchasing parameters). EcoVadis checks the individual aspects included in a total of 21 indicators in the areas of environment, labour and human rights, ethics and sustainable procurement.

In a structured assessment process, suppliers are requested to present their processes for securing the individual sustainability criteria. These include: environment, working conditions, human rights, fair working practices and sustainable procurement. In this way, suppliers which represent a risk can be identified quickly. Any identified gaps or risk aspects are then transferred into corresponding risk-mitigating action plans. The aim of all measures is to initiate changes suppliers’ environmental, social, labour and governance standards.

As part of the evidence-based ESG assessment, around 1.5 per cent of the suppliers were classified as high or very high risk in the first stage of the risk assessment at the end of fiscal 2023. In the second phase, these identified suppliers were either requested to submit their EcoVadis scorecard or were asked to submit an SAQ.

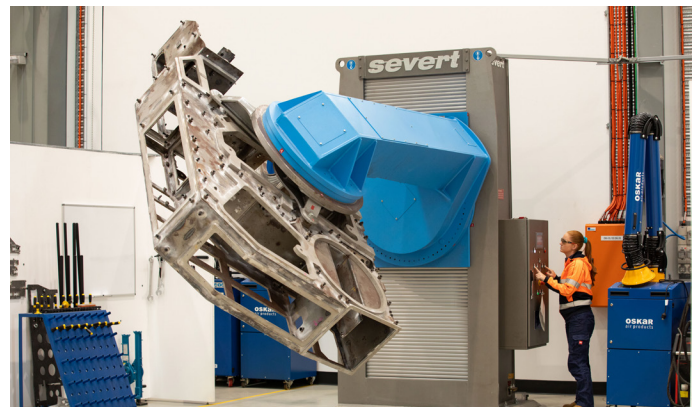
The evaluation of the scorecards shared by the end of 2023 shows more than 60 per cent of these suppliers had a sustainability performance rated “Good” (score 45-64). Only one per cent of suppliers were classified as “critical” and were analysed individually. In line with the risk-based approach, those critical suppliers who had rejected an EcoVadis assessment or whose assessment had expired were urged to renew the assessment or participate in the rating. Where necessary, an individual ESG supplier audit was carried out.

The central Compliance Due Diligence Centre of Expertise also conducts business partner reviews for new and existing suppliers using defined criteria such as human rights and environmental factors. In the event of any anomalies, the central area Corporate Social Responsibility is informed and involved in the investigation process.

**HUMAN RIGHTS AND MODERN SLAVERY**

The Rheinmetall Supplier Code of Conduct – which is available in several languages and is valid worldwide, outlines values and principles expected of each and every supplier. In October 2022, a revised Supplier Code of Conduct was published as a binding component of contracts with suppliers. The code ensures a partnership with suppliers to achieve corporate development goals at the economic, social, ecological and regulatory levels.





## TRAINING

All Rheinmetall Defence Australia team members must complete the Code of Conduct eLearning module and the General Compliance Awareness training program. These programs facilitate knowledge about Human Rights and anti-discrimination including elements referring to the 'Modern Slavery Act 2018'.

Procurement team members receive high level of understanding of the risks of Modern Slavery in supply chains and supplier management. In 2021, Rheinmetall Defence Australia reinforced ethical values across all procurement and supply practices by rolling out Ethical Procurement and Supply training with the Chartered Institute of Procurement and Supply (CIPS).

In addition to the training, Rheinmetall Defence Australia has signed a Statement of Commitment to Corporate Ethical Procurement and Supply with CIPS.

## WHISTLEBLOWER SYSTEM

Rheinmetall Group provides a whistleblowing tool for all team members and suppliers to raise any concerns with regard to matters covered by the Group's Code of Conduct. A confidential Whistle blower Hotline Service, whistleblowing policies and other implemented safeguards protect the identity and integrity of any whistle blower.

Any potential breach of this policy/related policies is managed in accordance with established processes. Where failures are identified by our team members to adhere to our code of conduct and policy, appropriate steps are taken to address those deficiencies. This may involve disciplinary action, up to and including termination of employment.

An incident management guideline on how to deal with suspected cases aims to ensure that the handling of information is also independent, transparent and fair as well as being subject to high standards.





## HEALTH, SAFETY AND ENVIRONMENT

Rheinmetall Defence Australia is committed to providing a safe workplace for all employees, contractors, visitors and the wider community. This is achieved by minimising the impact on work environments and taking an integrated approach to managing health, wellbeing, safety and environmental (“HSE”) risks.

Rheinmetall Defence Australia is committed to providing a workplace which is free from victimisation with access to a grievance and appeal procedure related to the workplace. Complaints are dealt with in a prompt, sensitive and confidential way to seek a resolution and to prevent future conflict.

## INDEPENDENT THIRD PARTY REVIEWS

Rheinmetall Group reporting processes are based on recognised standards such as the Global Reporting Initiative and Environment, Social and Governance “ESG” ratings from agencies such as MSCI, ISS ESG, Sustainalytics and Gaia.

The Human Rights and Supply Chain subcategory metric of the Global Reporting Initiative measures a company’s commitment to respecting fundamental human rights conventions. Together with its ability to maintain its license to operate by supporting freedom of association and excluding child, forced or compulsory labour. This subcategory covers a company’s transparency in overseas sourcing disclosure and monitoring and a company’s relationship with and respect for the human rights of Indigenous peoples near its proposed or current operations.

Rheinmetall Group achieved high scores and an above industry average in its CSR / ESG Results:

- **MSCI ESG:** AA (Scale: CCC-AAA); only 1 out of 34 companies score higher;
- **ISS ESG:** C (Scale: D--A+); only 2 out of 72 companies score higher;
- **S&P Global:** 34 (Scale 0–100); industry average: 29;
- **Refinitiv ESG Company Score:** 81 | fifth place out of 119 rated companies;
- **ESG Book:** 56.45 and
- **Sustainalytics ESG Risk Rating:** 26.8 | Industry rank 15/104;

## FUTURE COMMITMENTS

Further steps to combat Modern Slavery in our operations and supply chain include:

- Facilitate user training on group-wide supplier assessment tool EcoVadis;
- Conduct annual CIPS Ethical Procurement and Supply refresher training and testing all employees with responsibility for sourcing, supplier selection and supplier management; and
- Renew Rheinmetall Defence Australia’s commitment to ethical sourcing and supplier management by participating in the CIPS Corporate Ethics Register.

**DECLARATION**

**NATHAN POYNER**

Chief Executive Officer Vehicle Systems Asia Pacific  
Managing Director Rheinmetall Defence Australia Pty Ltd

This statement is made pursuant to the Commonwealth Modern Slavery Act 2018 and constitutes the Modern Slavery Statement of Rheinmetall Defence Australia for the year ended 31 December 2023.

This statement was approved by the boards of each of the three reporting entities covered by this statement. The board of Rheinmetall Defence Australia approved this statement on 27/06/2024, the board of Rheinmetall MAN Military Vehicles Australia on 27/06/2024 and the board of Logistic Solutions Australasia approved this statement on 13 June 2024.



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27/06/2024

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