

Modern Slavery Statement

BAE Systems Australia

Reporting entities covered by this statement

BAE Systems Australia Holdings Limited ACN 008 648 333 (BAE Systems Australia Holdings) is a company incorporated and operating in Australia. It is ultimately wholly owned by BAE Systems plc, Company Number 1470151, a company incorporated in England and Wales and listed on the London Stock Exchange.

BAE Systems Australia Holdings is filing this statement on behalf of the BAE Systems Australia group of companies, specifically:

- > **BAE Systems Australia Limited, ACN 008 423 005**
- > **BAE Systems Australia Defence Pty Limited, ACN 006 870 846, and**
- > **ASC Shipbuilding Pty Limited, ACN 051 899 864.**

Together, the above companies are referred to as the BAE Systems Australia Group.

This statement was approved by the Australian Management Board on 24 June 2025 in its capacity as the principal governing body of the BAE Systems Australia Group.

The Australian Management Board comprises the statutory Directors and the Company Secretary of all companies in the BAE Systems Australia Group, as well as other executive leaders.

Whilst BAE Systems Australia Holdings has filed this statement, BAE Systems Australia Holdings is the holding company of the BAE Systems Australia Group and does not have any outward facing operations or undertake external procurement.

Consultation between entities within the BAE Systems Australia Group was undertaken during the reporting period, supported by a collaborative working group of BAE Systems Australia Group employees, who contributed to the development of this statement via a shared online platform.



This statement is signed by Craig Lockhart in his role as a Director of BAE Systems Australia Holdings Limited, and Director and Chief Executive Officer of BAE Systems Australia Limited, on 26 June 2025.

BAE Systems Digital Intelligence Pty Ltd

BAE Systems Digital Intelligence Pty Ltd (ACN 111 187 270, "Digital Intelligence") is wholly owned by BAE Systems Australia Limited (ACN 008 423 005); however, due to the nature of its operations, and particularly as its supply chain activities are managed by other parent entities in the global BAE Systems group, this statement does not apply to Digital Intelligence.

Digital Intelligence is an Australian-based provider of digital solutions to defence and security customers. It adopts similar approaches to assessing, managing and addressing modern slavery risks, aligned with global modern slavery policies mandated by BAE Systems plc. Along with access to global and local policies, employees also have access to training, and the Ethics Helpline.

There is annual consultation within Digital Intelligence in respect of matters relating to modern slavery governance and assurance. Internally Digital Intelligence undertakes appropriate due diligence activities, which includes:

- > expecting suppliers to comply to BAE Systems' Supplier Principles
- > mandatory modern slavery training for all Supply Chain employees
- > supplier assurance based on a range of risk parameters, including geographic location and the nature of supply
- > regular review and update of internal processes
- > availability of Ethics Officers to support ethical practices and to enable employees, contractors, suppliers and customers to confidentially raise any ethics concerns.

This section on BAE Systems Digital Intelligence Pty Ltd was endorsed by its directors on 16 May 2025.



Introduction

We are committed to conducting business responsibly. By consistently maintaining and improving systems and processes, and raising awareness among our employees and direct suppliers, we aim to reduce the risk of slavery and human trafficking within our operations and supply chain.

Within our own operations, BAE Systems Australia Group mitigates the risk of modern slavery through a range of internal controls. These include robust recruitment and onboarding practices, right-to-work checks, and adherence to our Global Code of Conduct, which sets out clear expectations around ethical behaviour, workplace rights, and employee protections. Our policies and procedures are designed to promote safe, fair, and inclusive working environments and are regularly reviewed to ensure continued alignment with our human rights commitments.

We communicate our expectations about responsible supply chain through our Supplier Principles: Guide for Responsible Business, which we share with our suppliers. Our Principles cover supplier workplace, labour standards, employee business practices and wider topics of focus. Additionally, our contract terms and conditions require our supplier to comply with all applicable laws and regulations, including those related to human rights and anti-slavery.

We expect our suppliers to refrain from engaging in any form of modern slavery, including human trafficking and forced, bonded or indentured labour. All work should be voluntary, and workers should be free to leave employment at any time. Suppliers are expected to provide all employees with a written contract or offer letter (depending on the jurisdiction of employment) in their local language outlining their rights and responsibilities relating to wages, working hours, benefits and other conditions of employment. Where legally required, these contracts must also be formally registered.

We also expect our suppliers to ensure that child labour is not used in the performance of work. The term 'child' refers to any person under the minimum legal age for employment where the work is performed, and/or the minimum working age as defined by the International Labour Organization (ILO), whichever is higher.

This Modern Slavery Statement is made pursuant to section 14 of the Modern Slavery Act 2018 (Cth) and sets out the steps the BAE Systems Australia Group has taken to identify and prevent slavery and human trafficking in our business and supply chain, in Australia, during the reporting period of 1 January to 31 December 2024.

[baesystems.com/en/
sustainability/responsible-
supply-chain/suppliers/
supplier-principles](https://baesystems.com/en/sustainability/responsible-supply-chain/suppliers/supplier-principles)

2024 achievements and 2025 plans

What we achieved in 2024

Appointed a Supply Chain Sustainability Manager responsible for leading modern slavery awareness and engagement across our business.

Supported the revision of the Global Procurement Policy to include 'sustainability' as a core accountability.

Continued to deliver Supply Chain Risk Management and Modern Slavery Awareness e-learning to targeted employees.

Delivered a modern slavery business acumen webinar - open to all employees.

Implemented JOSCAR - a third-party due diligence supplier platform - incorporating modern slavery criteria.

Conducted modern slavery risk-assessments as part of our supplier evaluation process.

Continued to conduct risk-based assurance with suppliers to confirm adoption of our Supplier Principles.

Continued engagement with suppliers on our Supplier Principles.

Assessed all Tier 1 suppliers across high-risk categories and geographies for modern slavery.

Commenced dedicated sustainability and supply chain engagement sessions with suppliers, identifying modern slavery as a key risk for our business.

Implemented an internal Supply Chain Incident Procedure, including reporting and response protocols for modern slavery incident management.

Inducted an additional 13 new Ethics Officers across various sites to enhance our ability to provide ethical guidance to the business.

What we plan to do in 2025

Launch a global Responsible Supply Chain Handbook to all employees – which includes guidance around ESG considerations such as modern slavery.

Continue to deliver Supply Chain Risk Management and Modern Slavery Awareness e-learning to targeted employees.

Further promote and deliver Modern Slavery Awareness training to non-procurement functions.

Continue to assess our supply chain against high-risk categories and geographies.

Continue to work with our global business to conduct risk-based assurance with suppliers to confirm adoption of our Supplier Principles.

Future-proof our approach to sub-tier mapping with the launch of a technological solution to improve the accuracy of sub-tier mapping.

Continue to engage with suppliers to highlight modern slavery as a key risk for our business, and to promote our Ethics Helpline as a means of reporting concerns.

Collaborate with other defence primes to improve supplier due diligence consistency and reduce duplication.

Review and update our Supplier Principles – Guidance for Responsible Business.

Modern Slavery KPIs

96%  of procurement professionals have completed modern slavery training

0  instances of modern slavery identified in our Supply Chain

0  number of calls to Ethics Helpline regarding human rights and modern slavery in our business operations or supply chain

81%  of Tier 1 suppliers have acknowledged our Supplier Principles

34%  of global supply chain by value reviewed against our Supplier Principles

Overview of BAE Systems structure, operations and supply chain

About BAE Systems Australia

The BAE Systems Australia Group has more than 70 years history of equipping and supporting the Australian Defence Force with world leading technologies and equipment to help maintain a capability edge.

As the nation's largest defence and security company, working across air, maritime, land, battlespace and cyber domains, our success is built on collaboration and partnerships across industry, academia and within the communities in which we operate.

The Australian Government, acting through the Department of Defence, is our principal Australian customer. Many of our contracts are entered into with the Australian Government and cover a wide range of defence procurements, following tender processes. These contracts are typically lengthy, complex and of national significance.

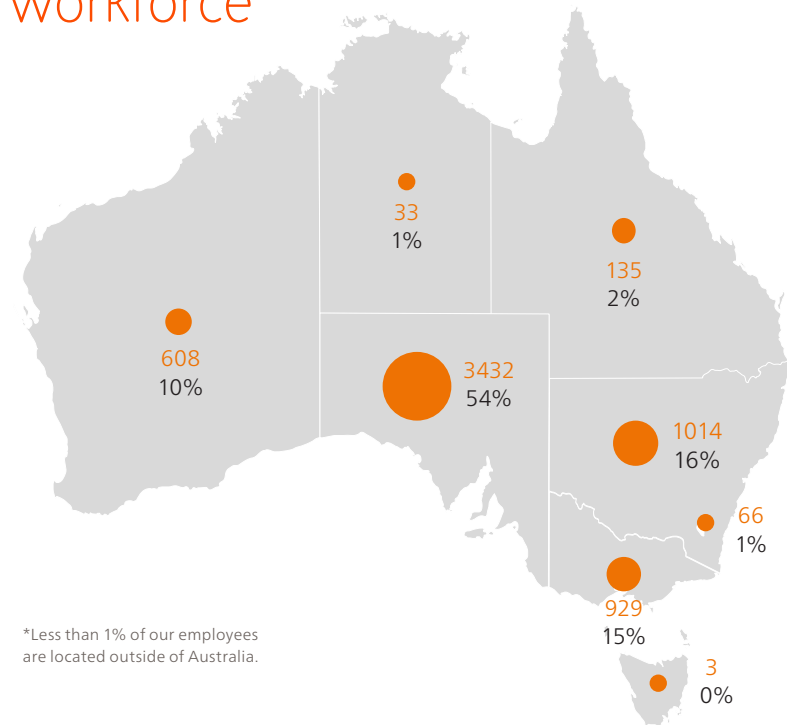
Our other customers include:

- > private companies in Australia
- > private foreign companies
- > foreign governments.

Generally, we enter into contracts as the prime contractor (through one of the entities within the BAE Systems Australia Group). However, in some cases, we contract with another defence industry prime contractor and operate as a first or lower-tier subcontractor to a government procurement.

Our contracts span a wide range of defence programs, and typically operate on either an acquisition basis (i.e. the design, development, and commissioning of a new defence capability), or a sustainment basis (i.e. ongoing support for and servicing of existing defence capabilities). From time to time, our customers order ad hoc goods from us, either in connection with the main contract or independently.

Structure, operations and workforce



By the end of the reporting period, we had a skilled workforce of more than 6,300 people across 40 sites around Australia. A number of employees also work overseas on assignment, on secondment, and as subcontractors.

Supply chain overview

We are committed to responsible and sustainable procurement practices across our business – but we cannot achieve this alone. Therefore, it is important that we collaborate and partner with suppliers to make a positive business impact over the long-term.

In 2024, BAE Systems Australia Group spent more than \$1.17bn with more than 1,600 directly contracted suppliers and partners from around the world.

Many of our supplier relationships are long-lasting due to the complexity of our products and their long lifecycles, so it's critical we work with suppliers who embrace ethical standards, values, and behaviours consistent with our own. We often partner with suppliers to help build and grow sovereign capabilities that will support the nation's industrial resilience.

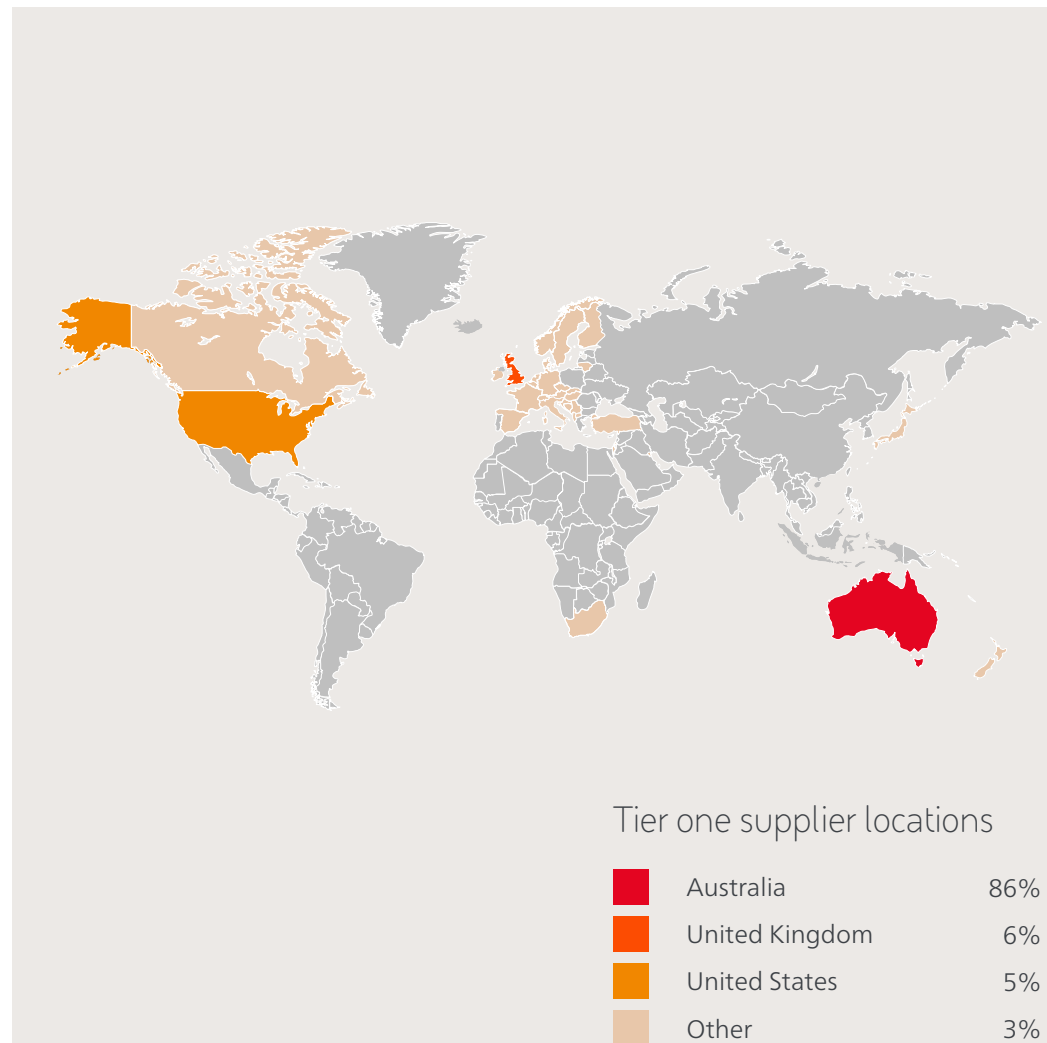
We purchase a wide range of products from our directly contracted supply network, which is primarily based in Australia, the UK, the European Union, and the United States. These products are either integrated into the equipment and solutions we sell to our customers (direct purchases) or are used to support the efficient running of our internal operations (indirect purchases).

Direct purchases vary in complexity, from raw materials (such as steel for our shipbuilding, and aluminium and titanium for our aircraft manufacture), to complex electronic systems and propulsion systems for our air, sea and land vehicles. Other direct purchases include platform support, maintenance services, and IT solutions - including those for cyber security and protection.

Purchases can range from commercial off-the-shelf catalogue items such as electronic components, to modified off-the-shelf items, such as power supplies. At the more complex end, we procure fully bespoke systems under major subcontracts, including propulsion systems, flight control systems, weapon systems, and their associated ground test equipment.

In many cases our direct suppliers have second and third tier suppliers that supply them with raw materials, components or sub-assemblies.

Indirect purchases include travel providers, manufacturing consumables and temporary subcontract labour.



Assessment of modern slavery risk in our operations

We have considered the location of our employees and the type of work undertaken as the basis for assessing and understanding the modern slavery risks in our operations. Insofar as our operations are concerned, the services that we provide directly to our customers are typically of a highly complex nature requiring a high level of skill, training and education. Further, all directly employed staff are required to be Australian citizens, permanent residents or have the legal right to work in Australia.

Due to the nature of the industry we work in and the customers we support, all potential employees and temporary workers for our Australian businesses go through a pre-employment vetting process covering identity, employment and academic history, nationality and right to work status and criminal record checks.

Our workforce based in Saudi Arabia supports training activities and comprises instructor pilots, aircraft maintenance, other specialists and management personnel. All are highly skilled and educated employees who are recruited and supported by a team based in Australia, who complete their recruitment in accordance with Australian laws and policies.

Risks may potentially arise from the engagement of third-party contracted labour performing work on our behalf. However, this labour is engaged solely within Australia and, for the reasons outlined below - including our due diligence activities in respect of all of our suppliers - we consider the risk of modern slavery to be low.

We maintain processes designed to ensure that all employees have a contract of employment or offer letter clearly indicating their rights and responsibilities with regard to wages, working hours, benefits and other working and employment conditions. Our processes are designed to ensure we do not retain any original form of employee identification (passports or work permits), nor destroy or deny access to such documentation, as a condition of employment unless required by applicable law.

Although the assessed risk of modern slavery within our operations is considered low, we remain committed to taking immediate and appropriate action should concerns arise. If modern slavery or human trafficking were identified within our operations, we would act swiftly, escalate the incident through appropriate internal channels, and cooperate fully with relevant authorities to ensure our business activities are not perpetuating modern slavery. This may include revising internal policies and processes, initiating internal investigations, and taking corrective action as required. These actions would be in line with both local procedures and global processes mandated by BAE Systems plc.

Assessment of modern slavery risk in our supply chain

We continue to assess modern slavery risks within our Tier 1, directly contracted supply chain. This assessment considers both the geographical location (geographical risk) and the types of goods and services provided (products and services risk). The assessments of geographical and products and services risks were completed with reference to the Global Slavery Index 2023.

Products and services risk

We have undertaken a review of our procured products and services and have identified several categories which are considered inherently higher risk for modern slavery.

Categories recognised as high risk due to the potential for some workers being from vulnerable populations, such as unskilled workers include:

- > catering
- > cleaning
- > temporary labour
- > construction.

Categories recognised as high risk also include sourcing materials from countries where there are higher risks of modern slavery arising due to a lack of regulation and oversight and/or where there is inherent risk in a lower tier supply chain for raw materials for:

- > electronics
- > raw materials
- > work wear.

Geographical risk

Our direct contracts continue to be primarily based with suppliers located in Australia, UK, the European Union, and the United States. These countries present a low risk for modern slavery. Four of our directly contracted suppliers are in countries where there is a high risk of modern slavery.

Approximately

33%

of company suppliers contracted in 2024 fell into one or more of these categories.

Less than

1%

of company suppliers are based in locations that are considered high risk for modern slavery.

Actions taken to address modern slavery risks

Our approach to governance of human rights and modern slavery

We are committed to respecting human rights wherever we operate, in the activities that are under our full and direct control. This applies equally to our employees, our suppliers and business partners, all of whom are expected to adopt high standards of ethical behaviour. We are committed to conducting business responsibly and to maintaining and improving systems and processes to minimise the risk of slavery and human trafficking in our business or supply chain.

Our global Human Rights Statement outlines our approach to responsible business behaviour in the activities that fall under the full, direct control of BAE Systems plc, including in relation to anti-corruption and the environment, as well as our workplace, supply chain, products, and the communities in which we operate. The BAE Systems Australia Group aligns with this global approach and applies these principles across our Australian operations and supply chain.

Our approach to human rights constitutes:

- > maintaining high ethical standards and acting in a socially responsible manner in accordance with applicable laws
- > respecting and supporting the communities in which our businesses are located
- > maintaining and improving policies and processes which relate to human rights where we operate, in respect of activities under our full and direct control
- > respecting the labour and workplace rights of our employees in accordance with national laws
- > responsible product development
- > appointing and working with suppliers and business partners who are expected to adopt high standards of ethical behaviour and business conduct, consistent with our own, in accordance with applicable national laws.

We are committed to conducting business responsibly and to maintaining and improving systems and processes to minimise the risk of slavery and human trafficking in our business and supply chain. For more information on our human rights approach and statement, visit: baesystems.com/humanrights

Governance

The BAE Systems Australia Group operates under a global Operational Framework mandated by BAE Systems plc which sets out the principles of good governance.

The governance responsibilities of the Board of BAE Systems plc consider a broad range of subjects that make up human rights - safety, ethics, responsible business conduct, inclusive workforce, stakeholder and employee engagement and supplier conduct. The Environment, Social and Governance (ESG) Committee of the Board of BAE Systems plc has the purpose of assisting the Board with promoting the long-term ESG success of BAE Systems plc, including the oversight of the company's approach to the application of human rights.

The Chief Executive Officer of BAE Systems plc has primary responsibility for delivery of the business strategy. He is supported by the Group ESG, Culture & Business Transformation Director who advises on our sustainability strategy and direction and liaises with the business teams in relation to delivery of the strategy.

Our commitment and approach to human rights is considered across global policies and processes in our Operational Framework and in our Code of Conduct and is regularly reviewed.

Line and functional leaders, including the Chief Executive Officer of the BAE Systems Australia Group, are responsible for ensuring local compliance with the Operational Framework, including policies regarding human rights.

All employees are required to adhere to our Code of Conduct and group policies in addition to any specific requirements outlined in local policies.

Our global and local policies and processes for our operations cover our commitment to:

- > supporting the rights of freedom of association and the effective recognition of the right to collective bargaining, where legal
- > aiming to eliminate all forms of forced and compulsory labour and effective abolition of child labour
- > working towards the elimination of discrimination in respect of employment and occupation
- > supporting a precautionary approach to environmental challenges
- > undertaking initiatives to promote greater environmental responsibility
- > working against corruption in all forms, including extortion and bribery.

We monitor our performance and compliance with policies and processes via the twice-yearly Operational Assurance Statement. This is made up of two parts:

- > a self-assessment by our business of compliance with our Operational Framework; and
- > a report showing the key financial and non-financial risks for the relevant business.

The key financial and non-financial risks identified are collated and reviewed by our Australian Management Board and escalated to the BAE Systems plc Executive Committee to identify those issues where the cumulative risk, or possible reputational impacts, could be significant. Those risks are then monitored via our Quarterly Business Review and Chief Executive Review processes.

We continue to review our directly controlled operations and policies to ensure they identify and mitigate human rights and modern slavery risks and incorporate best practice.

Code of Conduct

Our updated Code of Conduct, rolled out globally to employees in 2024, contains a section on human rights, which includes modern slavery. It is supported by conversation-based ethics training which actively encourages all employees to speak up if they have a concern or talk to a colleague, their manager, HR or a legal contact if they need guidance.

All employees are required to undertake Code of Conduct refresher training annually. This annual training offers everyone in our business an opportunity to consider some of the challenges we face in our workplace, focusing on those that are particularly relevant to each team.

For more information on our internal Code of Conduct and associated training, please visit: baesystems.com/en/sustainability/responsible-business/ethics-and-compliance/code-of-conduct-and-training



How can employees or suppliers raise concerns or report modern slavery?

We maintain a local network of 30 Ethics Officers and offer a free independent Ethics Helpline. The helpline is available 24 hours a day, 7 days a week, and can be accessed via phone, email or an external website. It enables employees to confidentially seek support or report concerns, including those related to human rights or modern slavery. We encourage employees to speak up without fear of retribution, and provide the option to report anonymously, if preferred.

Our Ethics Helpline is also available for third parties, including suppliers, to raise concerns or discuss issues. Third parties, including suppliers, can also report concerns anonymously. Details on how to contact the Ethics Helpline are provided below and are also included within our Supplier Principles, and on our website. If a call regarding human rights or modern slavery was received by our Ethics Helpline, the call would be escalated for review and allocated to a senior company representative for investigation.

Governance in our supply chain

Risk-based due diligence and audit activity is undertaken for all third parties with whom we engage, whether supplier, adviser, potential joint venture partner, acquisition opportunity, or other third party. Where required, this may include establishing the identity of the third party in terms of beneficial ownership and gathering of sufficient information to assess relevant bribery and corruption risks.

At the contracting stage, we stipulate our expectation that suppliers embrace our ethical values, including those set out in our Supplier Principles.

Prior to approving and selecting suppliers, we outline the products and services we need and establish a way to identify interested suppliers, including small businesses, taking into consideration risk of commodity supplier location.

Once we have a shortlist of potentially suitable suppliers, those suppliers are asked to complete a questionnaire and risk-based due diligence is carried out, as appropriate, against a number of non-financial risks, which includes:

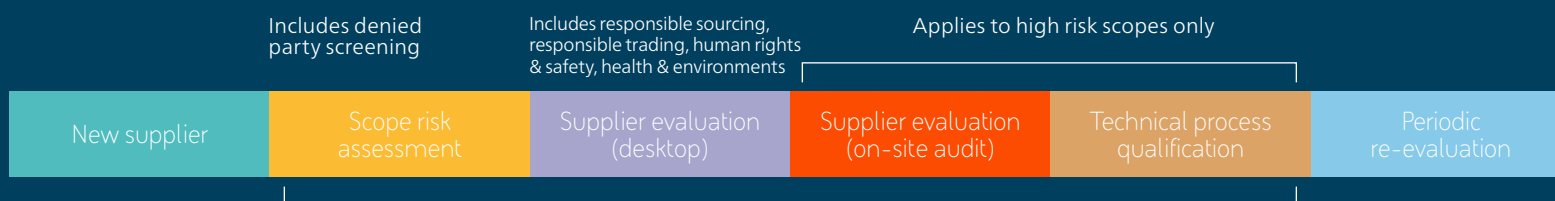
- > responsible trading principles - business ethics, anti-corruption and anti-bribery, governance and legislation
- > human rights - working hours, harassment and unlawful discrimination, whistleblowing line, slavery, human trafficking and child labour
- > health and safety - workplace and product safety
- > environment - impact of operations and products
- > management systems - environmental management systems certified to ISO 14001
- > responsible sourcing - including conflict minerals.

The output from the completed questionnaire and risk-based due diligence is assessed before suppliers (often after a competitive tender) are either approved on the quality assurance and finance system or deemed unsuitable. In some cases, suppliers are approved with mitigation actions or corrective action plans. Each plan is specific to the supplier and project to which it is supplying.

An example may be, where a potential new supplier does not have a code of conduct in place or an equivalent standard to our own. The action may be to support the supplier to develop and implement their own code of conduct, or if they are not prepared to do this, we may choose to use a different supplier.

Supplier due diligence process

We use the Dow Jones Supply Chain Compliance Toolkit as part of anti-corruption due diligence checks for both new and existing suppliers.



Any of these steps can result in a decision not to use the supplier or to initiate an improvement plan with the supplier.

Ethics Helpline

☎ 1800 803 732

✉ ethics.helpline@baesystems.com

🌐 safecall.co.uk/baepc

What will the company do if modern slavery is identified within its supply chain?

If modern slavery or human trafficking were identified within our supply chain, we would immediately enact our Manage Supply Chain Incidents procedure. This procedure outlines a structured approach for reporting, triaging, containing and managing supply chain incidents. It ensures that concerns are escalated appropriately, key stakeholders are notified, and the incident is reviewed and addressed in coordination with relevant internal teams.

We would cooperate fully with relevant authorities and take all necessary steps available to us to remediate the issue, with the objective of eliminating the identified risk within our supply chain.

These steps may include revising internal policies and processes, conducting on-site or off-site audits and interviews, scoping corrective action plans with the supplier, and, where appropriate, terminating the relationship through a responsible exit strategy.

Training

Our global Code of Conduct sets out clear expectations on ethical conduct and we offer training and support to help employees understand the right thing to do. Our Code of Conduct is mandated for all employees and Directors of the BAE Systems Australia Group. All employees are required to complete training annually.

Our procurement teams receive mandatory Modern Slavery Awareness training as part of the new employee on-boarding process. The awareness training is also available to all other employees on an opt-in basis.

Supply Chain Risk Management training, which covers a wide range of supply chain risks, including human rights and modern slavery was rolled out to procurement teams in 2023.

96% 

of company procurement professionals have completed Modern Slavery Awareness training since 2022.

88% 

of company procurement professionals have completed Supply Chain Risk Management training (including human rights) since 2023.

Measuring the effectiveness of our actions

The table below describes the approach we take to assessing the effectiveness of our actions. We are focused on continuous improvement of our response to tackling modern slavery.

	How do we measure the effectiveness of our actions?	Measure
Policy & Governance	We regularly review and assess the effectiveness of our policies and procedures as part of our global and local assurance, audit and risk frameworks. We complete internally mandated reporting, via the Operational Assurance Statement, to our Australian Management Board and global Executive Committee every six months to confirm compliance to global Operational Framework policies. We undertake second line assurance to confirm adherence to and understanding of supply chain processes, including supplier selection, on-boarding, and risk management. We undertake a quarterly Supply Chain Governance & Risk Review with senior supply chain and sustainability leaders to provide feedback on assurance activities and seek input of risks that require further investigation and/or mitigation.	> Timely closure and remediation of audit actions, when required. > Number of non-compliances.
Supplier Management	Once a supplier has been approved and a contract has been executed, we continue to actively manage and monitor that supplier throughout the life of their contract, which may include on-site audits. This includes managing any significant changes in our relationship with the supplier as well as undertaking ongoing risk-based due diligence. Identified supplier non-financial risks are re-reviewed, depending on level of risk categorisation, via on-site audit, remote deep dive auditing activity or questionnaire, and progress against any mitigation actions or corrective action plans are monitored. If a supplier's level of risk increases, or gaps in performance are highlighted, performance improvement plans are put in place or enhanced.	> Number of suppliers assessed against new due diligence requirements. > Number of suppliers assessed as high risk for modern slavery.
Training	We aim to assess the effectiveness of our training by obtaining stakeholder feedback.	> Percentage of employees who have completed training.
Ethics Helpline	Ethics calls are escalated for review and allocated to a senior company representative for investigation.	> Number of calls to our Ethics Helpline regarding modern slavery.