



Rheinmetall Australia - Modern Slavery Statement Year 2020

Introduction

This Modern Slavery Statement is a joint statement of Rheinmetall Defence Australia Pty Ltd as the main operating entity in Australia and other Australian domiciled Rheinmetall entities (as listed below and combined as “Rheinmetall Australia; we”) for the financial year ending 31 December 2020:

- 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 Australia’s first Modern Slavery Statement. The statement describes what the Rheinmetall entities in Australia together with overseas-located corporate roles (e.g. Compliance Department, Corporate Social Responsibility Department) within Rheinmetall Group have actioned in 2020 to prevent any modern slavery and human trafficking activities in its supply chain or in any other parts of the business. We have acted in consultation with entities, which we own or control in Australia. Management and employees of Rheinmetall Australia are proud of the steps already taken and are committed to improving further Rheinmetall Australia’s practices to combat modern slavery.

Organisation Structure

Rheinmetall Australia is a manufacturer and a service provider in the defence sector and part of the international Rheinmetall Group with leading technologies in mobility and security industry segments. The group comprises Rheinmetall Aktiengesellschaft (“Rheinmetall AG”), a public listed corporation in Germany and its subsidiaries. Rheinmetall AG is the parent company of the Rheinmetall Group and has its registered office in Duesseldorf, Germany. The Group has over 25,000 employees worldwide with global annual consolidated revenue of more than A\$ 8.7bn (EUR 5.9bn). It operates through 160 subsidiaries in Europe, America, Asia, Africa and Australia. The Australian workforce had 473 employees in 2020.

Rheinmetall Australia is organised into three main business units: *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.

FORCE PROTECTION IS OUR MISSION.

Supply Chain

Rheinmetall Group procure goods and services from countries all over the world to manufacture its products. Due to the extensive and highly diverse product portfolio in the automobile and defence industry, some of the supply chains of the Rheinmetall Group are extremely complex, globally fragmented and subject to constant change. The geographical distribution of these suppliers were in 2020 as followed: Germany 46.9%, other EU countries 17.9%, OECD-countries (excl. Germany and the EU) 20.3% and 14.9% 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 high proportion of specific materials and processes combined with a broad product range leads to a significant proportion of single and sole-sourcing as only few companies have the capability to manufacture the products or command the processes. Military authorities as end users of our products qualify defence products based on performance, the manufacturing process, manufacturing location and suppliers.

We are currently in the process of expanding and qualifying a broad network of suppliers to support Australian-based manufacturing in support of delivering on Australian Industrial Capability commitments. The quality of Rheinmetall products is built upon the quality of raw materials, components and a qualified supply base. Rheinmetall expects a high quality assured level via internationally recognised standards such as ISO 9001, IATF 16949 and AQAP 2110/2210 from its suppliers. Environmental, Social Responsibility and Governance (“ESG”) criteria are also integrated in the selection process and taken into account when reviewing potential suppliers.

All Suppliers to Rheinmetall globally sign and acknowledge a Supplier Code of Conduct. Within Rheinmetall Australia supply chain, all suppliers are required to sign an acknowledgement of the supplier code of conduct located at www.rheinmetall-defence.com/rda/supplier. The Supplier code of conduct specifically addresses global:

- a. Human Rights
- b. Working Conditions
- c. Freedom of Association
- d. Environment
- e. Compliance
- f. Conflicts of Interest
- g. Responsible Commodities Procurement



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Due diligence processes for anti-slavery & human rights

As part of our initiative to identify modern slavery and mitigate associated risks in our business and supply chain, we engage a central Compliance Assessment & Monitoring team. This team uses a set of defined and below listed criteria to perform business partner reviews for new and existing suppliers, which also include Corporate Social Responsibilities, such as human rights and environmental factors:

- a. Geographic;
- b. Sector and Industry;
- c. Product and Services;
- d. Entity and its Representatives;
- e. Political Influence;

Rheinmetall Australia implements a risk based approach to identifying and mitigating supply chain risk across a number of factors including Health Safety and Environment (HSE), Defence Security, Financial Security, and Modern Slavery / compliance risk. The Third Party Assessment process helps to identify and assess potential risk areas, mitigate the risk of modern slavery and monitors potential risk areas in our supply chains. In 2020, the result of a Rheinmetall group-wide supplier screening exercise was overwhelmingly positive. Out of 104 suppliers reviewed, 92% of these suppliers had no anomalies. Any identified findings were thoroughly investigated by Compliance and Procurement.

Human rights and modern slavery

The protection of human rights is an integral part of Rheinmetall's social responsibility and anchored in the Rheinmetall Group guidelines such as the Code of Conduct, the Supplier Code of Conduct, the new Modern Slavery Policy and the principles of social responsibility. We request our suppliers to comply with the principles laid down in our Supplier Code of Conduct. Furthermore, Rheinmetall expects its suppliers to abide by internationally recognised human rights such as the United Nations' Universal Declaration of Human Rights.

Six minimum standards for respecting human rights were defined for the Rheinmetall Group: no forced labour, no child labour, freedom of association, occupational safety, no discrimination and fair remuneration.

Training

To ensure a high level of understanding of the risks of modern slavery in our supply chains and our business, we provide training to our staff. In 2020, Compliance Department revised the Code of Conduct e-learning module by adding a section about human rights and anti-discrimination. This is a mandatory module, which needs to be completed by all Rheinmetall employees. The General Compliance Awareness training for new starters in Australia facilitates modern slavery topics with a reference to the Modern Slavery Act 2018.

We are committed to ensuring that there is no modern slavery in our supply chains or in any part of our business. Our Modern Slavery Policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery is not taking place anywhere in our supply chains.



Whistleblower system

Rheinmetall provides a whistleblowing tool for employees and suppliers to raise any concerns with regard to matters covered by Rheinmetall's Code of Conduct. A confidential Whistleblower Hotline Service, whistleblowing policies and other implemented safeguards are protecting the identity and integrity of any whistleblower.

In 2020, Rheinmetall Group evaluated vulnerable group of people who might be affected by Rheinmetall's business activities. Complaints and reports of suspected or actual human rights violations can be submitted through a variety of communication channels. An Incident Management team within the Compliance function ensures that all reported incidents are investigated in a structured and unbiased manner.

Independent third party reviews

Rheinmetall supports transparent reporting based on globally recognized standards such as the Global Reporting Initiative and – where possible – through continuous improvement of customer and ESG ratings from internationally renowned agencies such as MSCI, ISS ESG, Sustainalytics and Gaia.

The Human Rights and Supply Chain subcategory metric measures a company's commitment to respecting fundamental human rights conventions, 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 CSR / ESG Ranking.

Future commitments

Following a review of the effectiveness of the steps we have taken in 2020 to ensure that there is no slavery in our supply chains we intend to take the following further steps to combat slavery in our operations and supply chain:

- Increase awareness by developing and rolling out of a human rights and modern slavery training module for procurement employees;
- Improve level of information available through additional research tools;



Declaration

This statement is made pursuant to the Commonwealth Modern Slavery Act 2018 and constitutes the Modern Slavery Statement of Rheinmetall Australia for the year ended 31 December 2020.

This statement was approved by the boards of each of the three reporting entities covered by this statement.

The boards of Rheinmetall Defence Australia and Rheinmetall MAN Military Vehicles Australia approved this statement on 14 June 2021. The board of Logistic Solutions Australasia approved this statement on 15 June 2021.

A handwritten signature in blue ink, appearing to read "G. Stewart", is written over a faint, light blue circular watermark or background.

Gary Stewart

Managing Director: Rheinmetall Defence Australia, Rheinmetall MAN Military Vehicles Australia and Logistic Solutions Australasia.

Date: 14 July 2021