



MODERN SLAVERY STATEMENT

2024

A MESSAGE FROM NAVANTIA AUSTRALIA

On behalf of Navantia Australia Pty Ltd (Navantia Australia), We are pleased to endorse the company’s Modern Slavery Statement. Our 2023 Statement provides an overview of our efforts to assess our risks of modern slavery and outlines our ongoing journey to address modern slavery risks within our supply chain and operations.

Global estimates of modern slavery are that 49.6 million people were living in modern slavery in 2021 of which 27.6 million were in forced labour and 22 million in forced marriage. Of the 27.6 million, some 17.3 million people in forced labour are exploited within the private sector, and 12% of those 17.3 million (2.1 million) are children¹.

The International Labour Organisation, Walk Free Foundation, and the International Organisation for Migration report that forced labour and forced marriage rates have increased significantly over the past five years. The Asia and the Pacific region has the highest number of people in forced labour (15.1 million) and the Arab States the highest prevalence (5.3 per thousand people).

Navantia Australia is committed to engaging with suppliers who source ethically and sustainably. Navantia Australia seeks to advance the understanding and respect for human rights in our operations and supply chain.

We are committed to contributing to the elimination of modern slavery, which is a growing and complex problem. Navantia Australia will report upon the actions that we have undertaken annually, to assess and address modern slavery risks and maintain responsible, transparent supply chain processes.

It should be noted that Navantia Australia adopts similar approaches to assessing, managing and addressing modern slavery risks in line with our global modern slavery policies mandated by Navantia S.A. S.M.E. and is embedded our policies and procedures under the Navantia Group’s Environmental, Social and Governance program.

This statement was approved by the Executive Leadership Team of Navantia Australia on 27 June 2024 as the principal governing body of the business.



Israel Lozano
Managing Director



Nicolas Sibello
Chief Financial Officer

¹ Global Slavery Index (2023) Walk Free, <https://www.walkfree.org/global-slavery-index/map/>



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1. REPORTING ENTITY

This statement is submitted by Navantia Australia Pty Ltd (ACN 155 020 303) as the sole reporting entity for Navantia's operations within Australia '**Navantia Australia**'.

Navantia Australia is wholly owned by Spanish company Navantia S.A., S.M.E (CIF A84076397). Navantia S.A., S.M.E is the top-co operating entity for the Navantia corporation's shipbuilding operations. It is Spanish state-owned company which belongs to the Sociedad Estatal de Participaciones Industriales (SEPI), which controls 100% of its capital.

2. PURPOSE

This Statement is prepared in accordance with the Australian *Modern Slavery Act 2018* (Cth), for the reporting period of 1 January 2023 to 31 December 2023. It outlines the steps that Navantia Australia has taken, and will continue to take, to identify, manage and mitigate the risk of modern slavery with our operations and supply chain.

3. NAVANTIA AUSTRALIA'S OPERATIONS

Navantia Australia was first incorporated in Australia in 2012. This followed a period whereby the Navantia corporation was providing an increasing volume of services to the Royal Australian Navy from Spain, as the ship designer of various vessels coming into service within the Royal Australian Navy's fleet.

Navantia Australia's core business today is the provision of Engineering and Design services to the Navantia designed platforms (Supply Class AOR, Hobart Class DDG, Canberra Class LHD, and LLC assets) operated by the Royal Australian Navy. Navantia Australia is also the sustainment support services and design services manager of the AOR.

Navantia's operations support the Royal Australian Navy with design, integration, and other supporting services from Sydney, Melbourne, Henderson and Canberra, including:

- + **Pitt Street, Sydney:** Navantia Australia's corporate headquarters
- + **Garden Island, Sydney:** Sustainment services
- + **Docklands Drive, Docklands, Melbourne:** Navantia Australia's Naval Design and Engineering Centre
- + **Macquarie Street, Barton, Canberra:** Corporate support
- + **Henderson, Perth:** Sustainment services.

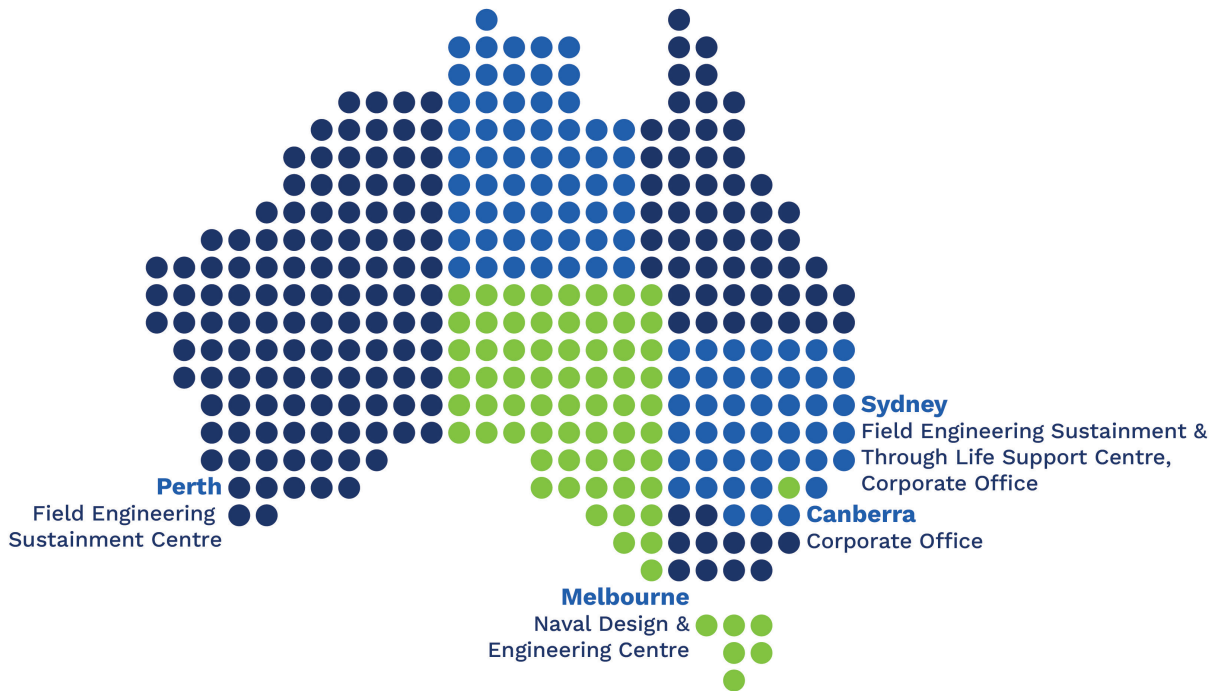


Figure 1: Navantia Australia Locations

We directly employ a skilled workforce of over 300 employees across Australia. At times Navantia Australia may send a small number of employees to work overseas on assignment or secondments. Any contractors and subcontractors engaged by Navantia Australia are from reputable Australian organisations and are engaged on short term contracts.

From 2024, we plan to expand our footprint in Sydney to accommodate additional design resources, as well as open an office in Adelaide.

3.1. MANAGEMENT STRUCTURE

The Executive Leadership Team comprises the statutory Directors and the Company Secretary of Navantia Australia, as well as other C-suite executive leaders from the key operational, delivery and support functions.



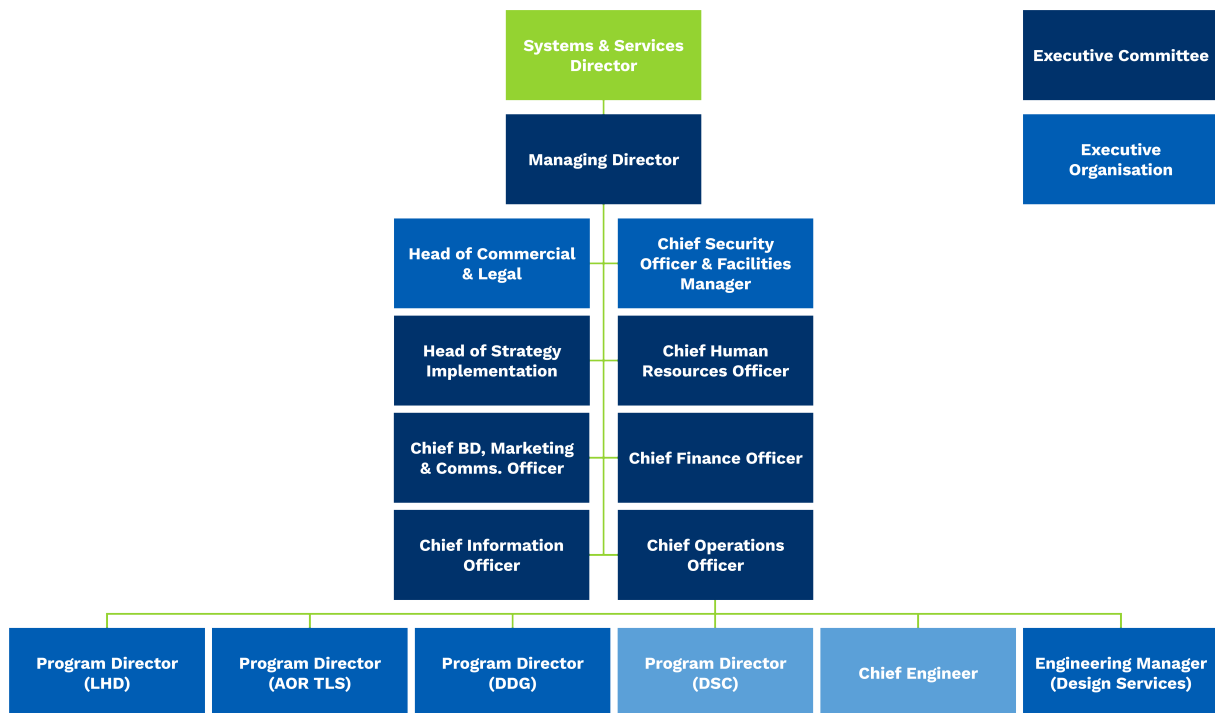


Figure 2: Navantia Australia's Management Structure

3.2. GOVERNANCE STRUCTURE

ESTABLISHMENT

During this reporting period, a cross functional modern slavery working group was established, formed by employees of Navantia Australia representing finance, operations, sustainability, supply chain, corporate affairs, risk & compliance, learning & development, and human resources. The working group's objectives were to frame internal expectations, raise awareness and implement awareness training, understand the approach to mitigating modern slavery risks employed by each operating member of Navantia Australia, and implement compliance measures.

The working group was then responsible to collaboratively develop this statement.

ONGOING GOVERNANCE

Navantia Australia's oversight and governance is provided by the Executive Committee, which approves this Statement.

Navantia Australia' ongoing compliance will be the day-to-day responsibility of the Quality & Risk team led by the Integrated Management System Manager, working in close collaboration with the Supply Chain Manager, and the Head of Commercial and Legal.

3.3. SUPPLY CHAIN

Navantia Australia considers its Supply Chain to be the collection of any third-party provider of products or services.

Through its supply chain analysis, Navantia Australia has identified a total of 286 tier 1 Suppliers (Navantia Australia defines tier 1 as being a third-party company providing products or services directly, without a middleman or other manufacturer).

Navantia Australia has segmented the data on geographical and industry basis which is discussed further in section 4.2.

Supplier by Country of Origin	
Country	# Suppliers
Australia	235
Spain	37
Netherlands	4
United Kingdom	3
United States	1
Canada	1
Argentina	1
Singapore	1
France	1
Germany	1
Italy	1
Total	286

Industry Basis - Outside AU	
Industry	# Suppliers
Defence system & equipment	20
Manufacture of industrial system/ product	13
Electronic/ electrical devices	7
Compliance, testing & consulting service	4
Distributor of industrial system/ product/ services	4
Model making	2
Education training	1

Industry Basis - Within AU	
Industry	# Suppliers
Compliance/ testing and consulting service	28
Education/ training	19
Marketing / media Production	16
ICT/Software/Communication development/services	14
Event Management	6
Security Services	5
Associations	4
Insurance	4
Property and Real Estate	1
Marine / Engineering Services	39
Office / Corporate services	27
Logistic/Transportation	14
Recruitment agency	13
Manufacture of Industrial system / Product	9
Defence Systems and equipment	7
Distributor of Industrial system/product/services	7
Electronic/electrical devices	7
Merchandise / promotion product	6
Clothing	3
Food/Catering	3
Retail	3
Clothing	3

4. RISK OF MODERN SLAVERY PRACTICES IN OPERATIONS AND SUPPLY CHAIN

4.1. RISK TO NAVANTIA AUSTRALIA'S OPERATIONS

Navantia Australia's Quality and Risk team has conducted a thorough self-assessment of its operations, evaluating the risk of modern slavery against several key criteria.

LOCATION

As an Australian-based company and a subsidiary of Navantia Spain, we are located in regions that are considered low-risk according to the *Global Slavery Index*.

INDUSTRY

Navantia Australia does not belong to a high-risk industry. The services we provide are highly specialised and strategic to the industry of naval defence and ship design. Navantia Australia is required to adhere to a comprehensive range of regulations and standards. As part of its compliance, the company mandates that all employees be either Australian citizens, permanent residents, or, in the case of expatriates, possess the legal right to work in Australia.

EMPLOYMENT CONDITIONS

Our commitment to human rights and a safe workplace is demonstrated through our Code of Conduct, induction training, and WHSE policy. All Navantia Australia workers understand their duties and their pay through position descriptions and letters of offer which employment conditions are governed by Fair Work legislation.

CONTRACT COMPLIANCE

We acknowledge that we still have limited visibility on our tier 2 and 3 suppliers, and this is recorded as a risk. This is an activity for 2024 continual improvement.

TRAINING AND AWARENESS

We have conducted basic training for our Executive Committee Members, Procurement Members, and Governance Employees to enhance their awareness of modern slavery and human trafficking.

POLICY COMMITMENT

Our commitment to preventing modern slavery is demonstrated through our Code of Conduct, Ethical Partnering Framework, and Navantia Australia’s Modern Slavery Statement. We acknowledge that we will continue to improve the comprehensiveness of our monitoring, corrective, and mitigation actions.

As outlined above, the Quality Risk Team has assessed Navantia Australia and we consider any risks to modern slavery **low**.

4.2. NAVANTIA AUSTRALIA’S TIER 1 SUPPLIERS

The Quality and Risk team has undertaken an assessment of tier 1 suppliers in our supply chain. These assessments are based on our geographical risk and product and services risk.

RISKS DEFINED BY GEOGRAPHY

The location of international suppliers is based on the *Walk Free Foundations’ Global Slavery Index*² ratings of Prevalence, Vulnerability, and Government Response to the risk of modern slavery within that country.

Over 99%, of our tier 1 suppliers are located in Australia, the United Kingdom, the European Union, and North America. None of Navantia Australia’s tier 1 Suppliers are situated in regions identified as high-risk for modern slavery, with less than 1% considered medium risk for modern slavery.

GEOGRAPHIC LOCATION OF NAVANTIA AUSTRALIA TIER 1 SUPPLIERS BETWEEN DEC 2022- NOV 2023

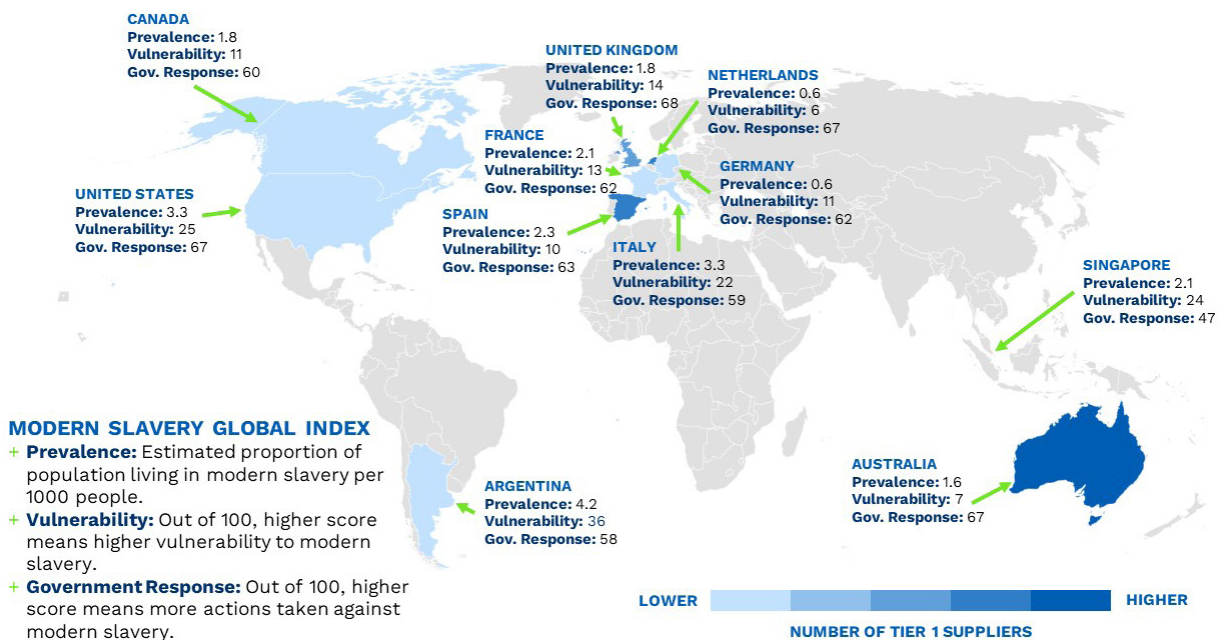


Figure 3: Location of Suppliers Around the Globe

² Global Slavery Index (2023) Walk Free, <https://www.walkfree.org/global-slavery-index/map/>

RISKS DEFINED BY PRODUCTS AND SERVICES

In our strategic approach to risk management, we categorised risks based on products and services provided by our tier 1 Suppliers. This considered the characteristics of sectors identified as being high risk by the Walk Free Foundation³, a leading authority on modern slavery.

For non-high-risk suppliers we established a bespoke framework between low risk and medium risk suppliers, tailoring our assessment accordingly. For the purpose of the report only our high-risk suppliers defined by products and services have been identified.

HIGH RISK

- + Industry that provides product/services that are informal, not for resale, less regulated, with potential low paying workforce, and little visibility over lower tier Suppliers.
- + Vendors of products whose production occurred in geographies identified at risk in the 2018 Global Slavery Index published by the Walk Free foundation.
- + Industry that uses disadvantaged immigrant workers with low levels of autonomy and a high risk of exploitation, due to compensation not being in accordance with industry award minimum standards.

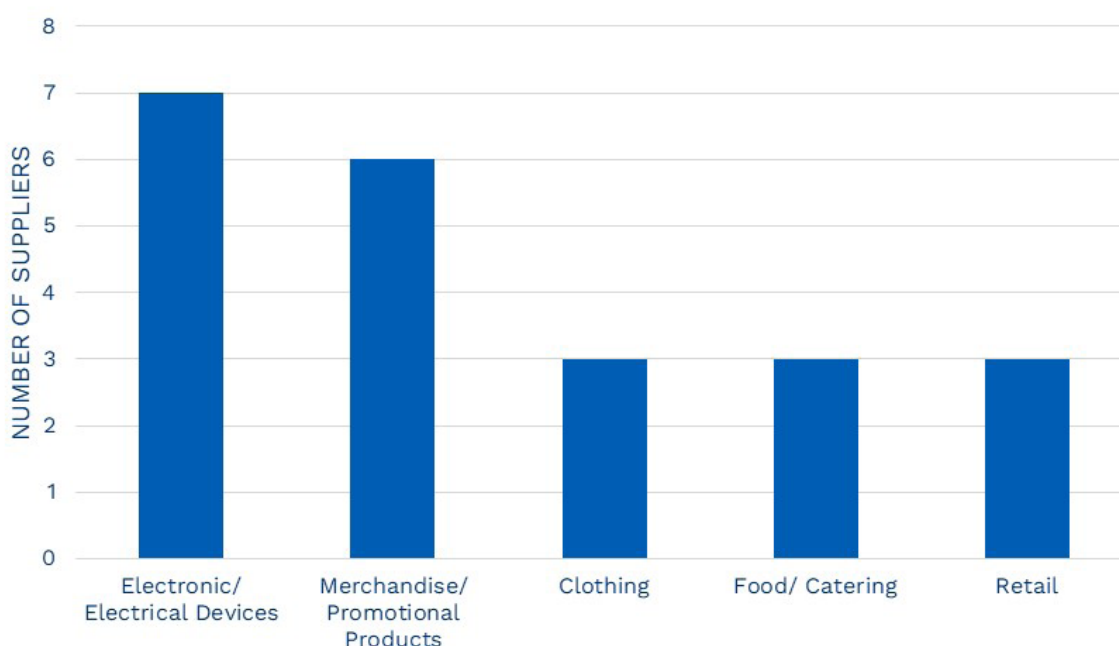


Figure 4: High Risk Industries in Navantia Australia Supply Chain

IDENTIFIED AREAS OF HIGHEST RISK IN AUSTRALIA

Taking the risk assessment into account, the following high risk area of material supply within its supply chain were identified. The total high risk suppliers based on their industry in Navantia Australia is less than 8%.

³ Modern Slavery; What Business Needs to Know (2023) Walk Free, https://cdn.walkfree.org/content/uploads/2020/10/06154702/M1170847-Toolkit-Primer_DIGITAL.pdf

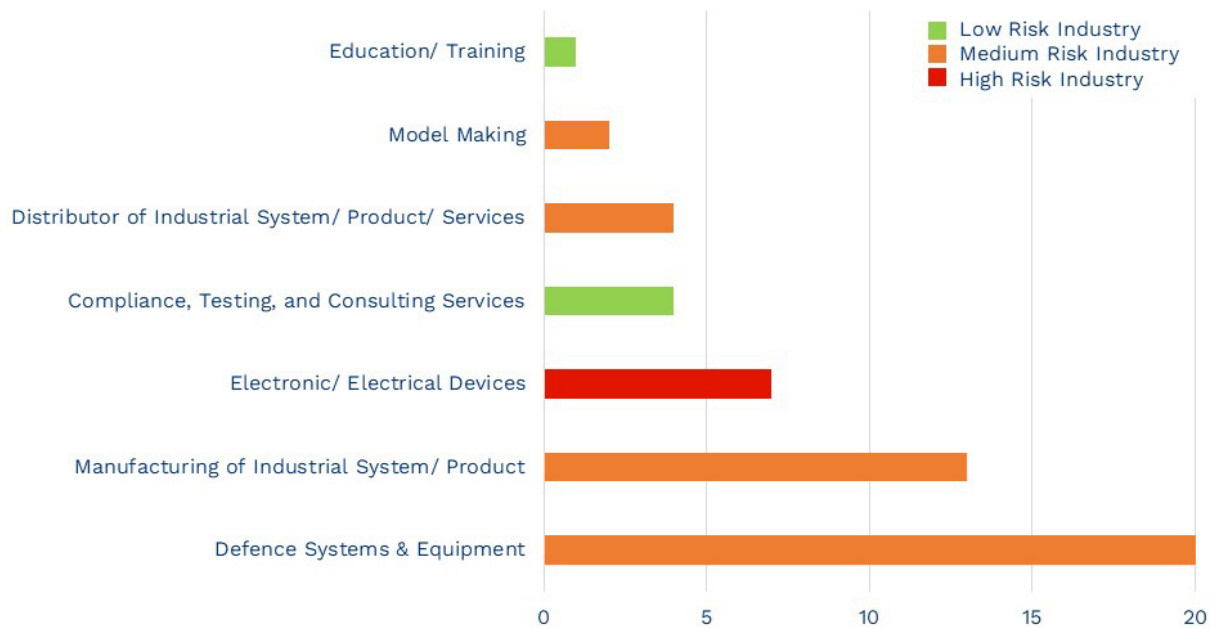


Figure 5: Tier 1 Suppliers Outside of Australia in Navantia Australia Supply Chain

IDENTIFIED AREAS OF RISK OUTSIDE OF AUSTRALIA

Electronic and electronic devices are perceived as higher risk due to the sourcing of materials from countries with increased levels of modern slavery. While high risk areas for materials have been identified, our tier 1 suppliers are in geographical locations which have a low risk assessment for modern slavery.

5. ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS

Navantia Australia is steadfast in its commitment to eradicating modern slavery and human trafficking. Upholding the *Modern Slavery Act 2018*, we expect every member of our workforce, including employees, contractors, subcontractors, and suppliers to embody our core Values of ‘Ethical Behaviour’ and ‘Accountability.’ Our Code of Conduct, policies and operational procedures are meticulously crafted to reflect these values, incorporating stringent anti-corruption and anti-bribery protocols, as well as comprehensive guidelines on gifts, benefits, and conflicts of interest. We ensure the ongoing relevance and effectiveness of our policies through regular reviews. All of our workforce as identified above are required to adhere to our Code of Conduct, Values, policies and procedures.

Our proactive stance is further demonstrated by our Ethical Partnering Page on SharePoint, which details our modern slavery risk assessment findings and outline additional control and mitigation strategies. This is a testament to our unwavering dedication to ethical business practices and our continuous efforts to address modern slavery risks.



Figure 6: Navantia Australia Code of Conduct Principles



Figure 7: Navantia Australia Core Values

5.1. WHAT WE ACHIEVED IN 2023 MITIGATING MODERN SLAVERY RISKS

Governance	Modern Slavery Working Group formed:
	<ol style="list-style-type: none"> 1. Supply Chain Manager 2. Head of Commercial & Legal 3. Lead Learning & Development 4. Chief Financial Officer 5. Chief of Business Development, Marketing & Communications 6. IMS Manager
	Navantia Australia Procurement Policy included the Supplier Review Committee to ensure ethical conduct of suppliers.
	Second and Third line audits of our internal supply chain and processes to confirm adherence of our processes and on-boarding of suppliers.
Training & Education	Regular Risk Reviews with Supply Chain Manager and Senior Procurement Officer, as well as with the Supplier Review Committee.
	Rolled out modern slavery awareness training to:
	<ol style="list-style-type: none"> 1. Senior Leaders 2. Procurement 3. Operational Leads & Governance
	Established an Ethical Supplier SharePoint page
Due Dilligence	Established a compliance portal on SharePoint and a process to report modern slavery through the whistleblower process.
	Risk based assessment based on geographical location (tier 1) .
	Risk based assessment based on industry (tier 1).
	Supplier audit methodology established , and audit/desktop assessment of 10 companies incorporated to supplier engagement.
Industry Contact	Investigation process established for modern slavery through Whistleblower channel.
	Survey issued to 92 suppliers around their modern slavery and ethical governance programs.
Industry Contact	Engagement through audits and desktop assessments with suppliers. Key Navantia Australia personnel attending industry events.



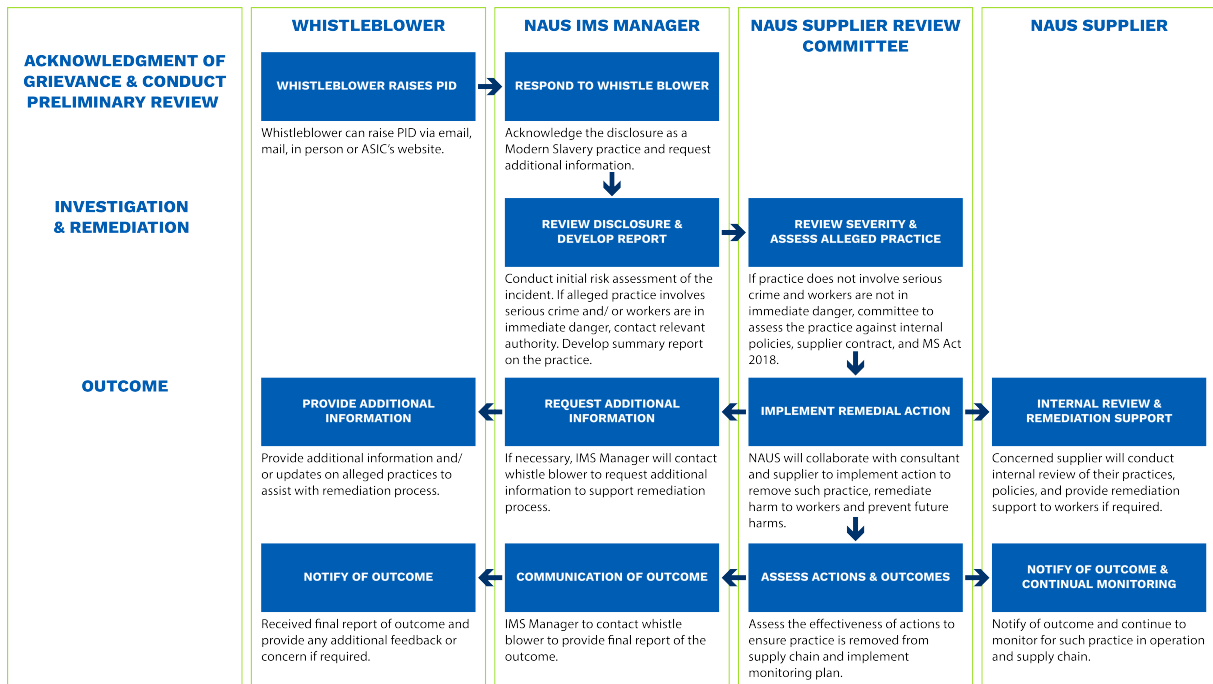


Figure 8: Modern Slavery Reporting Process

Our Whistleblowing channel is available 24/7 and available to third parties to raise concerns around modern slavery. Details of our Public Interest Disclosure are posted on our website and intranet, should a report of modern slavery be raised it will be discussed with the Supplier Review Committee for further action. If modern slavery is discovered within our supply chain, we would refer to the relevant authorities and cooperate fully.

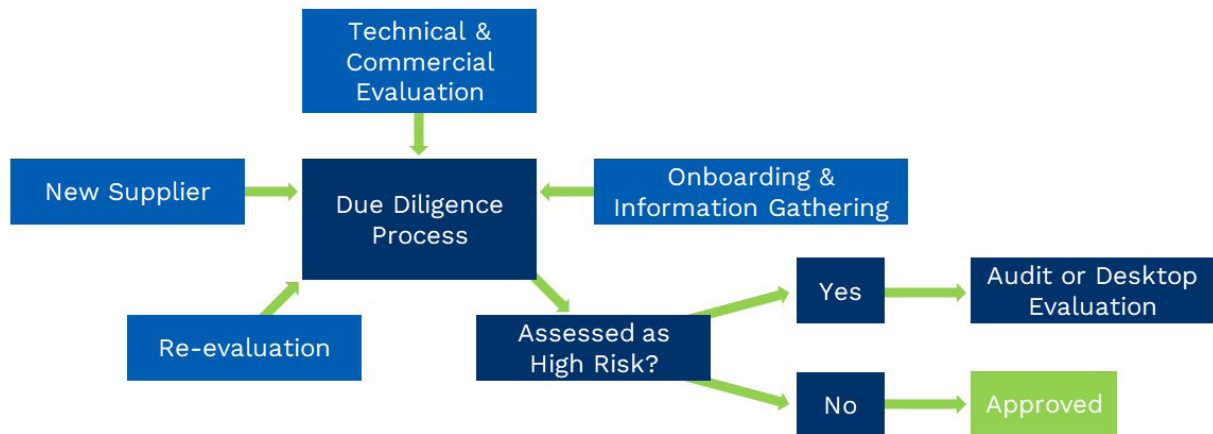


Figure 9: Supplier Due Diligence

Our supplier due diligence process occurs for all new third parties we engage through our procurement process. This requires Navantia Australia to assess the company in accordance with our compliance/procurement frameworks, assessing relevant risks around bribery and corruption risks, as well as the company's financial viability and their technical capabilities.

In accordance with our procurement process, Navantia Australia will gather additional information through supplier questionnaires when first engaging the company to provide services. Should any company be assessed as high risk from the information provided by the company, they will be further assessed through either an audit or desktop assessment. During this assessment one of the tools the audit team will use is our bespoke modern slavery risk matrix criteria. Should the supplier not meet satisfactory requirements of further due diligence they will not be further engaged.

5.2. MEASURING EFFECTIVENESS OF ACTIONS BEING TAKEN

We regularly review and assess the effectiveness of our policies and procedures as part of our global and local assurance, audit and risk frameworks. Actions will be measured at the end of each year as part of our Modern Slavery Statement.

	Objectives and Measures	2023 KPI
Survey Assessment	<p>Objective: To educate suppliers around their responsibilities to the <i>Modern Slavery Act 2018</i> and discover what tools and controls they use to combat modern slavery practices.</p> <p>Measure: Number of responses received who have anti-slavery policies, procedures or an ethical governance channel.</p>	From the responses received, 79% have an anti-slavery or ethical supplier policy.
Supplier Management (desktop assessments & audits)	<p>Objective: Discover further information/compliance about suppliers' response to modern slavery.</p> <p>Provide opportunities for improvement to enhance ethical business practices against modern slavery, industry engagement and identify any companies who are high risk to modern slavery.</p> <p>Measure 1: Number of audits and desktop assessments undertaken by Quality & Risk Team.</p> <p>Measure 2: Identification of suppliers as high risk for modern slavery or evidence of modern slavery.</p>	<p>10 audits/assessments.</p> <p>0 instances identified modern slavery.</p> <p>4 OFIs reported to audited companies around include a modern slavery question in their supplier evaluation forms.</p>
Training	<p>Objective: To equip participants with comprehensive knowledge and skills necessary to understand, identify, and effectively respond to modern slavery risks within our operations and supply chain, fostering a culture of ethical business practices and compliance with Australian standards.</p> <p>Measure: How many employees in leadership, procurement, and operational & governance leads completed the training in awareness of modern slavery.</p>	100% of employees identified completed modern slavery awareness training.
Whistleblower Channel for Modern Slavery	<p>Objective: Establishment of a confidential avenue to receive any reports of modern slavery without fear of retaliation.</p> <p>Measure 1: Number of calls/emails to our whistleblowing channel identifying modern slavery.</p> <p>Measure 2: Number of SharePoint page visits to our Ethical Supplier page.</p>	<p>0 Whistleblower reports.</p> <p>658 page views to Ethical Supplier Page.</p>

5.3. FUTURE ACTIONS TO BE TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS

In year 2024, we have identified the following actions:

- + Update standard terms to include obligations regarding modern slavery with which all suppliers and subcontractors must comply, that will apply to all new contracts;
- + Request suppliers and subcontractors with existing contracts to confirm compliance with the protocols to combat modern slavery;
- + Confirm with Navantia corporation that all Navantia corporation personnel employed in foreign jurisdictions are compensated at no less than that required under the relevant local law;
- + Conduct supplier audits and risk assessment on modern slavery. Further investigating their supply chains;
- + Map and assess Navantia Australia’s supply chain on an ongoing basis;
- + Continue supplier audit as part of an annual process;
- + Exercise due diligence in educating suppliers and identifying modern slavery risks in our supply chain;
- + Supplier Review Committee to further develop process in dealing with any reported allegations of modern slavery cases in our supply chain;
- + Progress the actions identified within the above body of this Statement.

This Statement for the reporting year ending 31 December 2023 is made pursuant to section 13 of the *Modern Slavery Act 2018* (Cth).

It was approved by a member of the Navantia Australia Board of Directors on 27 June 2024.

