

Social Responsibility Guidelines
Code of Conduct
of
Rheinmetall AG

October 2003

Social Responsibility Guidelines at Rheinmetall AG (Code of Conduct)

Preamble

Rheinmetall AG accepts its social responsibility in an open and fair world trade and considers it an essential prerequisite for further economic growth. To achieve these goals, Rheinmetall AG and the European Works Council agreed on the following principles. The European Metalworkers' Federation and the International Metalworkers' Federation joined this agreement at the time of signing it.

Rheinmetall AG

- welcomes initiatives to promote responsibility among entrepreneurs considering the advance of internationalisation and globalisation;
- is prepared to observe and safeguard generally accepted core labour standards of the International Labour Organisation (ILO) as well as human rights;
- aims at preventing people from being afraid of the irreversible process of globalisation;
- is committed to also showing the human face of globalisation by creating and maintaining jobs;
- is convinced that social responsibility is crucial for the success of the Rheinmetall group in the long term and that by adopting this approach it will contribute to peace and prosperity throughout the world in the future.

However, to fully perform this responsibility, we need to be competitive in the short, medium and long term. Taking on social responsibility is also an integral part of value-based corporate management. In the context of a corporate development based on sustainable development, Rheinmetall AG will spare no effort to include the economic, environmental and social goals of this agreement in its medium and long-term strategic goals and plans as well as in its day-to-day business decisions.

In the context of safeguarding customer satisfaction and international competitiveness, the Rheinmetall companies strive to adhere to these overall guidelines with regard to their products and services, the actions they take at their European and international locations as well as in the context of their corporate culture. Knowing about our mutual responsibility and convinced that this agreement will enable us to make an important contribution to a better co-operation across borders throughout the Rheinmetall group and to overcome cultural and language barriers, the following guidelines are laid down:

§ 1 Human rights

1.1 Human rights

Rheinmetall advocates and supports the protection of internationally proclaimed human rights.

1.2 Equal opportunities / Non-discrimination

Rheinmetall undertakes to ensure equal employment opportunities and to refrain from any kind of discrimination unless national legislation expressly provides for a selection according to specific criteria. All employees must be treated equally and no distinction must be made on the basis of sex, race, colour, handicap, origin, religion, age or sexual orientation (ILO Convention 100 and 111).

1.3 The parties hereto respect and underline the principle of equal opportunities and clearly pronounce themselves against discrimination and exclusion and in favour of integration and tolerance not only among employees but also among senior management and their relation to employees. The relations between employees and the management are based on mutual respect, understanding and mutual trust and aimed at achieving the joint corporate objectives.

1.4 Rheinmetall AG is against any form of forced labour (ILO Convention No. 29 and 105). Child labour is not tolerated (ILO Convention No. 138 and No. 182). The minimum age of employees depends on the individual national legislation or the collectively agreed regulations insofar as they do not fall short of the minimum age stipulated in ILO Convention No. 138.

§ 2 Working conditions

2.1 Pay / Remuneration

It is acknowledged and agreed that all employees are entitled to adequate remuneration (ILO Convention No. 100). Remuneration and all other benefits (company benefits, vacation etc.) are based on the principle of fairness and comply at least with the individual national legal standards or the standards of the national branches of the economy / industries.

2.2 Rheinmetall makes sure that the national regulations and agreements on working hours and regular paid holiday are adhered to. Working hours including overtime must not permanently exceed the existing legal and/or collectively agreed standards in the individual countries.

2.3 Health and safety at work

Health and safety at work are of utmost priority. Rheinmetall is committed to offering safe and healthy workplaces in accordance with national legislation and supports a continuous development aimed at improving the job environment.

2.4 Qualification

The skills and knowledge of the employees at all locations world wide are of outstanding importance to Rheinmetall AG and its striving to safeguard the future. That is why Rheinmetall AG is committed to promoting measures aimed at the qualification of employees to the extent that the broadening and consolidation of the professional and technical knowledge is relevant for a particular job. In this context, vocational training and employment training are of particular importance.

2.5 Environment

The products and services of Rheinmetall AG are to be environmentally acceptable in future as well. The protection of the environment as well as the enhancement of living conditions and environmental conditions are important corporate objectives of the Rheinmetall group. To achieve the individual international, European and national environmental standards and to comply with them in practise, Rheinmetall co-operates with the relevant local institutions.

§ 3 Freedom of association / Role of workers' representatives and trade union rights

3.1 Rheinmetall AG respects the right of its employees to form or join trade unions of their choice (ILO Convention No. 87 and 98). The parties hereto accept the setting-up of workers' representations at plant or trade union level and respond to them in a positive way to the extent that they do not conflict with statutory regulations at national level. Rheinmetall AG accepts the results of collective bargaining at national level insofar as they concern Rheinmetall.

3.2 Rheinmetall AG, its employees and the workers' representatives at plant and/or trade union level work together openly and in the spirit of a constructive and co-operative settlement of conflicts while safeguarding the interests of both sides. The parties strive for a fair reconciliation of the company's economic interests with the interests of the employees.

§ 4 Implementation of the agreement

4.1 The Social Responsibility Guidelines / Code of Conduct of Rheinmetall AG are binding world wide and apply to all companies of the group in which a Rheinmetall company is in charge of industrial management.

They oblige senior manager and employees at all levels to comply with, accept and promote the agreed objectives. The responsibility lies with the management of the individual operations and with the workers' representatives, insofar as such a body exists.

4.2 The basic principles will be made available in an appropriate form to the management, the workers' representatives and employees of all operations throughout the group. The means of communication, information and consultation will be agreed upon with the existing workers' representatives and implemented and put into practice together.

- 4.3 Rheinmetall AG supports and expressly encourages its business partners to take into account and apply the agreed guidelines in their own corporate policy. Rheinmetall takes the view that in doing so it lays the basis for promising future business relations.
- 4.4 All employees have the right to address issues and problems related to the agreed guidelines. This will not be to their detriment neither will it entail any sanctions.
- 4.5 The parties hereto are committed to adhering to the agreement within the bounds of their possibilities. The parties hereto will exchange information on problems, deviations or necessary changes of the guidelines at least once a year. This exchange of information is currently taking place within the body of the European Works Council of Rheinmetall AG.

Düsseldorf,

for the
Executive Board

for the
European Works Council

Klaus Eberhardt
Chairman of the Board

Erik Merks
Chairman of the
European Works Council

Joining the agreement at the time of signing

For the European
Metalworkers' Federation

For the International
Metalworkers' Federation

Joachim Stöber
Coordinator of the European
Metalworkers' Federation

Marcello Malentacchi
General Secretary of the
International Metalworkers'
Federation