

CODE OF CONDUCT

PRINCIPLES OF SOCIAL RESPONSIBILITY
OF RHEINMETALL AG



RHEINMETALL

PRINCIPLES OF SOCIAL RESPONSIBILITY

Responsible action on a global scale:

Rheinmetall AG has come to an agreement with the company's European Works Council on principles of social responsibility. With this Code of Conduct, which applies worldwide in all companies where Rheinmetall is responsible for the industrial management, the Düsseldorf group has declared its commitment to bearing social responsibility in open and fair world trade. The document contains inter alia principles on promoting responsible entrepreneurship in the ongoing process of internationalisation and globalisation, on the observance of human rights and on safeguarding working conditions. Other aspects which are addressed include for example the improvement of living and environmental conditions, the right of employees to have the freedom to form associations and the role of worker representation and trade unions.



Agreement on the principles of social responsibility which apply worldwide in all companies where Rheinmetall is responsible for the industrial management: Klaus Eberhardt, chairman of the group, (middle), Joachim Stöber, vice-chairman of the supervisory board of Rheinmetall AG and coordinator of the European Metalworkers' Federation (right), and Peter Winter, chairman of Rheinmetall AG's European Works Council (left).

Klaus Eberhardt, Managing Director of Rheinmetall AG:

“For us, bearing social responsibility is an indispensable element of value-orientated corporate management—it is an important factor for the long-term success of the group. Rheinmetall AG will therefore make every effort to combine the economic, environmental and social objectives of this agreement with the company's medium and long-term strategic aims and plans, as well as with its day-to-day corporate decisions. With regard to safeguarding customer satisfaction and global competitiveness, the group companies are striving to do justice to these general leit-motifs with their products and services, with their actions at the European and international locations and with their corporate culture.“

Joachim Stöber, vice-chairman of the supervisory board of Rheinmetall AG and coordinator of the European Metalworkers' Federation:

“International agreements of this kind are a relatively new, global instrument aimed at ensuring that all companies of a global business enterprise observe fundamental employee rights. By agreeing on the principles of social responsibility, Rheinmetall has, for example, committed itself to complying with the core working standards of the International Labour Organisation. An OECD study has shown that these standards in particular tend to increase productivity and the ability to innovate. Both internally and externally, the social and ecological acceptance of the company is promoted not only by employees, trade unions and political protagonists, but also by customers and the positive image in the public as a whole.“

Preamble

Rheinmetall AG recognises its social responsibility towards open and fair trade as a decisive prerequisite to ensure further economic growth. Rheinmetall AG has agreed upon the following principles with the European Works Council in order to realise these objectives. The European Metalworkers' Federation and the International Metalworkers' Federation have acceded to this agreement upon signing it.

Rheinmetall AG

- welcomes initiative for the promotion of responsible entrepreneurship in the face of the continuing process of internationalisation and globalisation.
- declares that it is willing to observe and safeguard generally accepted core working standards of the International Labour Organisation) and of human rights.
- wants to prevent the irreversible process of globalisation arousing fears on the part of the people of this world.
- also wants to demonstrate the human face of globalisation by means of the creation and preservation of jobs.
- is convinced that social responsibility is an important factor for the long-term success of the Rheinmetall group and thus contributes towards peace and prosperity in the future.

However, the prerequisite in order to fulfil this responsibility is that we are competitive in the short, medium and long term. Behaving in a socially responsible manner is also an indispensable component part of value-based company management. Rheinmetall AG will do everything to link the economic, environmental policy and social objectives of this agreement, within the framework of company development based on sustainability, with the medium and long term strategy conceptions and plans as well as with the daily company decisions.

Against the backdrop of securing customer satisfaction and international competitiveness the Rheinmetall subsidiaries are striving to do justice to these universal leitmotifs by means of their products and services and in terms of their actions in the European and international locations and also in accordance with its corporate culture. The following principles have been stipulated bearing in mind the mutual responsibility of the parties and in the conviction that we are able to make an important contribution towards a better, cross boundary sense of cooperation within the entire Rheinmetall group, and also helping to ensure that cultural and linguistic barriers are overcome.

§ 1 Human rights

- 1.1 Human rights
Rheinmetall endorses and supports the observation of internationally recognised human rights
- 1.2 Equality of opportunities / no discrimination
Rheinmetall undertakes to guarantee equality of opportunities with respect to the employment of workers and to refrain from all forms of discrimination if national law does not expressly stipulate selection based on certain criteria. Discrimination of employees due to their sex, race, the colour of their skin, a disability, their origins, their religion, their age or due to their sexuality is not permitted (ILO agreement 100 and 111).
- 1.3 The parties to the agreement stress the principle of equality of opportunity with a great deal of respect and clearly speak against discrimination and alienation and for integration and tolerance not just between the employees but also between and with the executives. The interaction between the employees and the company management is characterised by mutual respect, understanding and mutual trust in the interests of achieving the joint company objectives.
- 1.4 Rheinmetall rejects all forms of compulsory labour (ILO agreement no. 29 and 105). Child labour is forbidden (ILO agreement no. 138 and no. 182). The minimum age of the employees is based on the respective state laws or collectively agreed regulations, if the ages do not fall below the minimum age of employment anchored in the ILO agreement no. 138.

§ 2 Conditions of employment

- 2.1 Remuneration / payment
The right of suitable payment is recognised for all employees (ILO agreement no. 100). The remuneration / payments and the other benefits (social benefits, vacation or similar benefits) take account of the principle of fairness and at least correspond to the respective national, statutory standards or the level of the national economic sectors.
- 2.2 Working hours
Rheinmetall ensures the observance of the respective national regulations and agreements with respect to working hours and to regularly paid vacations. The working hours including overtime may not permanently exceed the existing statutory and/or collective agreement standards in the respective countries.

2.3 Employment and health protection
Employment and health protection as well as safety at work take the highest priority. Rheinmetall guarantees safety at work and health protection at the work place in accordance with the national regulations and supports a constant development process in order to improve the working environment.

2.4 Qualification
The existing abilities and skills of the employees are of outstanding significance for Rheinmetall AG to secure the company's future at all locations throughout the world. Rheinmetall AG therefore supports and promotes measures undertaken to qualify the employees, which are suitable to extend and consolidate their professional knowledge that is essential for the job. The training and advanced vocational training will be attributed particular importance during the subsequent phase of development.

2.5 Environment
The products and services of Rheinmetall AG should also be environmentally friendly in the future. The protection of the environment as well as the improvement of the living and environmental conditions are essential corporate objectives of the Rheinmetall group. In working practice cooperation will take place with responsible local institutions in order to achieve and observe the respective international, European and national environmental standards.

§ 3 Freedom of association / the role of the employees' representatives and trade union rights

3.1 The rights of the employees of Rheinmetall AG to freely form trade unions of their choosing or to join them are recognised (ILO agreement no. 87 and 98). The parties to the agreement accept the formation of company or trade union representatives of workers' interests and acknowledge them in a positive light if this does not run contrary to the application of national statutory regulations. Rheinmetall AG accepts the results that emerge from collective negotiations based on national regulations, which affect Rheinmetall.

3.2 Rheinmetall AG, the employees and the company and trade union employees' representatives cooperate in a frank manner whilst observing their mutual interests and in a spirit of constructive and cooperative settlement of conflicts. The parties strive to ensure a fair balancing of the economic interests of the company with the interests of the employees.

§ 4 Execution and implementation of the agreement

4.1 The code of conduct of Rheinmetall AG is binding throughout the world and applies for all the group's subsidiaries, which a Rheinmetall subsidiary has industrial control of. It obligates executives and employees at all levels to observe, accept and promote the agreed objectives. The management of the respective company units, and, where they exist the employees' representatives are responsible for ensuring this.

4.2 The code will be made accessible in an appropriate form to all the management teams, interest representatives and employees throughout the group. The communication and information measures with respect to the notification will be discussed in conjunction with the existing employees' representatives and also jointly implemented or executed.

4.3 Rheinmetall AG expressly supports and encourages the business partners to apply and consider the agreed code in the respective in-house corporate policy. It takes the view that this code represents an advantageous basis for subsequent business relations in the future.

4.4 All the employees have the right to address subjects and problems in conjunction with the agreed principles. They will not suffer any disadvantages and/or sanctions as a result.

4.5 The parties to the agreement will make every effort to ensure that the agreement is observed. Information with respect to problems, deviations or necessary changes of the codes will be exchanged between the parties to the agreement at least once a year and discussed. This exchange of information will take place in the body of Rheinmetall AG's European Works Council.

Düsseldorf, October 15, 2003

for the Board



Klaus Eberhardt
Chief executive officer

for the European Works Council



Erik Merks
Chairman of the European
Works Council

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