

ANTI-BRIBERY AND CORRUPTION POLICY

BMS4645
Issue 2

« Ethics, Compliance
and Corporate
Responsibility »



ANTI-BRIBERY AND CORRUPTION POLICY

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MBDA rejects corruption of any kind, under any circumstances, whether public or private, active or passive, direct or indirect and applies a zero tolerance principle. The Anti-Bribery and Corruption Policy states the company's commitment and principles applying to bribery prevention and detection. It defines how to identify corruption and fight it by listing the proscribed conducts and the way to address the risk of bribery. It applies to all MBDA companies (wholly owned and controlled entities).

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PROTECTING OUR INTEGRITY - A WORD FROM THE CEO

Given its role in the defence industry, MBDA must be committed to fight abuses and threats that can harm its ecosystem. Corruption is one of them. Our industry continues to be perceived, often unfairly, as characterised by corrupt practices. We need to be aware of this. Beyond slowing down the development of our industry, corruption destroys confidence, stigmatises companies and their employees, and undermines the spirit of healthy competition.

For all these reasons, the fight against corruption must be at the heart of our action. An effective fight is a collective one. Fortunately, the fight against corruption is gaining ground, both in our home countries and around the world. We welcome this even more since MBDA has been, thanks to several procedures, ahead in the sharing and dissemination of good practices in our profession.

This Anti-Bribery and Corruption Policy, founded on the principles of our Code of Ethics, in force since 2009, brings together all of our procedures in a single document. A new way to restate our absolute rejection of corruption and our principle of zero tolerance. This Policy will allow you to understand better the various forms of corruption, by clearly identifying the prohibited behaviours as well as the different risk situations you could face or witness.

Adherence to this Policy is above all about protecting yourself from any criminal prosecution and defending your integrity. It is also protecting MBDA to allow us to continue enjoying a reputation for probity among our various stakeholders (state or commercial customers, suppliers, employees, partners, shareholders, banks, national regulator) – thereby securing the long-term future of our company. If this Policy is not sufficient to answer all of your questions, your compliance officer is at your entire disposal to discuss with you and provide the answers you need.

Your support is crucial. I know I can count on you to continue to say no to corruption!

Éric Béranger, CEO

UNDERSTANDING CORRUPTION FROM A SOCIETAL STANDPOINT

Corruption, a social disease

It is estimated that between \$1.5 and \$2 trillion dollars is paid in bribes each year around the world, that is 2% of global GDP¹ Depending on the corruption measure applied, corruption costs the European Union between 179 and 990 billion euros² –every year; the equivalent to 6.3% of the GDP of the EU. The 2020 Transparency International's Corruption Perceptions Index (CPI) ranks countries, from the least to the more corrupted. Germany is 9th, UK is 11th, France is 23rd, USA is 25th, Spain is 32th, and Italy is 52th.

When we fight corruption, we are combatting a scourge that has devastating consequences. Corruption weakens institutions and creates injustice. It undermines people's trust in leaders, governments and businesses and can lead to a breakdown of the rule of law. Corruption hampers economic growth by reducing public and private investment, sapping confidence in market mechanisms and discouraging household saving. Corruption acts as a barrier to innovation and to the efficiency of economic actors by distorting competition and, through its costs, reducing business productivity. Corruption impedes fair taxation and damages the financial health of states. In so doing, it diverts funds away from public spending and increases inequality.

There are many ethical reasons for wanting to fight corruption. The United Nations has made fighting corruption one of its Sustainable Development Goals, stating that fighting it contributes to the promotion of peaceful and inclusive societies that provide access to justice for all and builds effective and accountable institutions.³

Corruption, a global prohibition

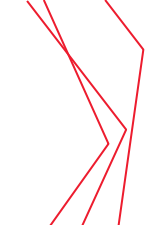
Corruption is both national and international. The rapid globalisation of trade has led to a significant increase in patterns of corruption with an international dimension, involving organisations and individuals of different nationalities, and flouting multiple regulations in different locations. That is why, to date, 189 countries have signed up to the 2003 United Nations Convention against Corruption. All of the main countries in which our Group operates are signatories to this Convention. They are committed to the fight against corruption and impose heavy criminal sanctions on its perpetrators.

France, Germany, Italy, Spain, the UK, and the USA all have one or more laws relating to corruption. Some of these laws have extraterritorial effect, which means that a violation committed in one country, can be prosecuted in another. When an employee, manager, director, or officer of a company is engaged in a corruptive practice, both the company and the individual is subject to sanctions (fine and/or imprisonment).

¹ <https://www.imf.org/external/pubs/ft/sdn/2016/sdn1605.pdf>

² [https://www.europarl.europa.eu/RegData/etudes/STUD/2016/579319/EPRS_STU\(2016\)579319_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2016/579319/EPRS_STU(2016)579319_EN.pdf)

³ For more details, see the UN website on the SDGs: <https://www.un.org/sustainabledevelopment/>



The risks to the company include: heavy financial penalties of several tens or even hundreds of millions of euros/pounds in the form of fines or damages, not to mention often substantial legal costs; several years of mandatory compliance monitoring under the oversight of an independent supervisory authority; serious damage to the company's reputation and to its trustworthiness in the eyes of public decision-makers, business partners, suppliers, customers, shareholders, investors; employees; and ban on bidding for certain tenders, and exclusion from certain contracts.

Corruption, a human reality

Despite its global prohibition, corruption persists, leading many states to strengthen their legal response. At the societal level, several factors can be identified to account for the phenomenon: unstable political regimes, low remuneration for public officials, disparities of income, and a lack of competition and economic freedom. All these factors contribute towards fostering corruption. By contrast, the establishment of a democratic regime, the existence of an independent free press, and citizens' participation in political life reduce the risk of corruption.

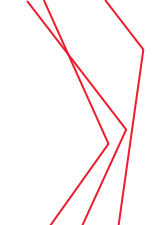
As far as individuals are concerned, there seem to be many factors leading to partaking in corruption. However, three factors seem to be common to all fraudulent behaviours: the opportunity individuals are given to indulge in corrupt behaviour (culture of impunity, permissive or non-existent control procedures, etc.); the motive, pressure or need felt by the individual (unattainable objectives, personal debts, etc.); the Rationalisation by the individual (feeling of having sacrificed oneself for the company, feeling of not being the only one to do it, etc.) None of these reasons, however, amounts to a mitigating circumstance.

UNDERSTANDING CORRUPTION FROM A LEGAL STANDPOINT

Definitions

Corruption takes the form of bribery, defined as offering, promising or giving anything of value, directly or indirectly, to a public official, a politically exposed person or an individual, for her or his benefit or that of a third party, with a view to obtaining a favourable decision or any other undue advantage. This is known as active corruption or bribery. Conversely, corruption takes also the form of soliciting or accepting something of value or the promise of anything of value, directly or indirectly, for one's own benefit or that of a third party, in return for a favourable decision or any other undue advantage. This is known as passive corruption. Active and passive corruption are each illegal.

Bribery involves at least two parties: a bribing party or "briber" who offers, promises, or gives something of value in exchange for obtaining an undue advantage; and a receiving party or "bribee" who solicits or accepts in exchange for conferring an undue advantage. Bribery can be direct or indirect. It is direct when the briber and the bribee interphase directly.



It is said to be indirect when a third party (family, friend, company) acts as an intermediary, and offers or receives the undue advantage on behalf of the briber or bribee. A thing of value can be money, or anything of value like a non-refundable loan, a gift card, a price reduction, a gift, an invitation, a free or much discounted service, etc. The undue advantage can be the award or renewal of a contract or purchase-supply agreement, the granting of a loan, the issue of an administrative permit, etc. The offense of bribery is committed by the briber by the mere offering, even if the bribee declined. The offence of bribery applies to both the private and the public sectors (public officials).⁴

*"If you give me €150, I can make sure your dossier gets priority treatment."
"As Procurement Director, if you accept my business proposal, I promise I will find a paid summer job for your son in my company."*

"It's a good offer and I really like your products, but I'm in no hurry... Yet, my spouse runs a non-profit organisation that needs £45,000 for its next PR campaign to drive fundraising. If you were to make a contribution to a great cause, we could sign the contract today..."

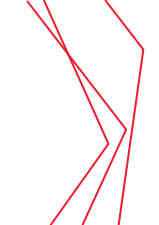
When what is given or promised is non-tangible and takes the form of a decision by a third party, this form of corruption is called influence peddling, also known as "trading in influence". It is defined as proposing or offering anything of value, directly or indirectly, to anyone who claims to be in a position to influence the decision of another person, with a view to obtaining a favourable decision or other undue advantage from that person. The influence may be real or supposed. It also applies the other way round: it is influence peddling to solicit or accept anything of value on the part of the person who proposes or agrees to misuse his or her real or supposed influence over a decision-maker.

Influence peddling involves three parties: the person who proposes or agrees to misuse their real or supposed influence over a decision-maker; the actual decision-maker; and the person who benefits from the decision or outcome.

"I used to work for the Finance Minister's office. If you allow me to stay at your house in the Greek islands this summer, I reckon I could persuade officials at the Ministry to drop that draft bill on business tax you're so worried about."

"Your former business partner was elected the City Mayor, correct? My company may not be the most competitive in the landscaping market, but it would be very useful for me to have it listed as one of the city's service providers for landscaping. Help me out, and your garden will be taken care of free of charge."

⁴ "Public official" is defined as anyone who occupies a legislative, administrative, military or judicial function (whether elected or appointed); anyone who performs a function in a public entity; anyone tasked with a public service mission; and anyone acting on behalf of an international public organisation or performing an official function in such an organisation. In many countries, the prohibition to accept bribes also applies to their friends and family and to any entities in which they hold an interest.



"If you do not want your competitor to be given this export licence, I can talk to a few people sitting on the committee that will study the request. They will listen to me as I have always gave them good advices. This will only cost you ten bottles of the finest Bordeaux wine. "

Influence peddling becomes corruption when the third party who makes the decision is aware that something was given or promised to secure the decision. In that case, the third party is an accomplice to the corruption scheme. If the third party who makes the decision is influenced unbeknown to them, there is no complicity: they were used/manipulated.

Persons Involved

Bribing by Giving: the risk of bribing by giving exists when one sells its product or services to its customers. This risk is inherent to any sales function. The bribe is given to one or more decision-makers, those who have a say on the decision. When the decision is whether to buy or not, either the seller takes the initiative and proposes the bribe to the buyer, or the other way round: the buyer asks the seller to give them a bribe. When both the seller and the buyer have agreed, the bribe is given by the seller to the buyer.

Corrupted for Receiving: the flip side of bribing is being corrupted for receiving. The risk of being corrupted by receiving exists when one buys products or services from a supplier, vendor, contractor, consultant... The buyer who wants to "receive something" can take the initiative and propose it to the seller, or the other way round: the seller offers to give a bribe to the buyer. When both the seller and the buyer have agreed, the bribe is given by the seller to the buyer. This risk is inherent to any procurement function.

Someone in the middle: in an attempt to protect themselves, both the briber and the bribee may use an intermediary who will act as the go-between, sometimes called the "carrier", who is made aware of the corruption scheme and will also benefit from it. The intermediary can be an individual or a legal entity. This intermediation makes it more difficult to detect the corruptive practice but it increases the legal risk as three people instead of two will be prosecuted: the briber, the bribee and the intermediary.

"I love expensive Champagne but obviously, you cannot send such an expensive gift to me directly. Just have it shipped to my sister's house. We have different names; nobody will be able to spot the connection... And I trust her not to share our little secret. The three of us will be fine."

"No, no, don't pay me directly. It's too risky nowadays! I'll have a friend of mine who runs a business to invoice you for £10,000. Just make sure the invoice is paid even though no service/product was sold. We will arrange it between us."

IDENTIFYING

Corruption

Because of strict banking rules on cash in our Home Countries, the old form of corruption where the briber would hand-deliver an envelope full of money to the bribee is very rare nowadays. This form of bribery is impossible within MBDA as we have a “no-cash rule” (meaning that all our payments are made by wire transfers). Still, there are other ways to bribe than with cash in an envelope. Because many companies like MBDA follow strict accounting principles (meaning that no wire transfer can be made without a dully approved invoice or documentation), bribes nowadays disguise themselves as real transactions with invoice or documentation, waiting to be processed just like any other regular transaction, hoping to be undetected in the large flow of invoices that a company processes every day.

These “modern” bribes could be cash equivalents like gifts, hospitality, donation, sponsorship, share transfers, purchase order... supported by proper invoice or documentation. This means that instead of giving £5,000 in cash, £5,000 is wire transferred for a transaction that appears to be genuine but is in fact corruptive. MBDA’s strict procurement and payment rules make it impossible for the same employee to order something, approve the related invoice, and pay it.

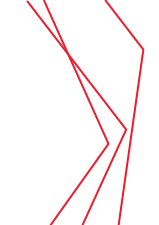
We have what is called segregation of duties and several reviewers and approvers are involved before an invoice is paid. Yet, to further reduce the risk of being involved in a corruptive scheme, MBDA has put in place additional controls on certain transactions that are more risky than others from a corruption standpoint.

Bribing through Gifts and Hospitality

Gifts, hospitality and invitations are common practices to maintain business relationships. But under certain conditions, they are or may be interpreted as corruptive.

“We would very much like to have you as customer. To show you how we treat our customers well, we are inviting you to stay in the “Royal Suite” at the best hotel in Rome. You can use this voucher when you want it is for a three nights stay, for you and your family. Enjoy!”

“We are here to please our customers. We know that you are not happy that the products are late. The contract calls for a €10,000 penalty per missile, per day. How about a €10,000 gold watch for each of you and the team in charge of managing the contract as a gesture of apology? We would better please you than pay penalties to the Ministry of Defence, it’s so impersonal!”



This is why gifts and hospitality are subject to a specific process requiring the approval of the Compliance function. Gifts and hospitality can be of various kinds: goods or services, promotional products, invitations to events, trips, meals, payment of transportation costs, discounts, personal favours or any other item with a monetary value.

Whether you are giving or receiving, keep in mind that any gift or hospitality must be:

- In line with applicable local legislation and with the Gift and Hospitality Policy and Procedure, as well as with the recipient organisation's code of conduct;
- Appropriate with respect to local culture and customs;
- Offered or received for commercial purposes;
- Proportionate in nature, value and frequency and to the respective position of the giver and the beneficiary;
- Socially acceptable, i.e. reasonable, non-extravagant, not embarrassing for the recipient, without risk to MBDA's reputation if made public, and occasional;
- Properly managed and recorded;
- Approved in accordance with the Gift and Hospitality Policy.

Bribing through Donations or Sponsorship

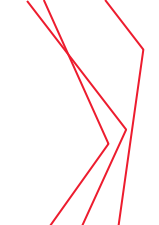
As a responsible company, MBDA has a Corporate and Social Responsibility programme and as part of that donates or sponsors causes and local community organisations.

But under certain conditions, donations and sponsorship are or may be interpreted as corruptive.

"Yes, indeed we are very close to signing this contract with MBDA.

Yet, I believe that there is something else you could do to help me sign. Would MBDA consider sponsoring a golf course near the base? I am a serious golfer but the golf course is unfortunately too far for me to practice as often as I would like. Of course, as it would be close to the military base, other soldiers could play as well. Golf is becoming very fashionable in our country now. MBDA would benefit from having its name show as a sponsor, isn't it?"

"Oh, I see that you have a Corporate and Social Responsibility programme. I like it... You list education as one of your causes. We have something in common... When I retire next year, I plan to be elected as Board Member of the "Every kid with a Diploma" Charity. It is the biggest education Charity in our country. If you donate to this charity, I will remember you next year, when elected. I will still have a lot of influence over the military officials even when retired!"



This is why donations and sponsorship are subject to a specific process requiring the approval of the Compliance function. “Donations” refers to material support voluntary given without compensation to a project or organisation for charitable purposes or to support a cause of public interest. It can take the form of money, the supply of goods or services, aid, etc.

“Sponsorship” refers to material support given to an event, product, organisation or person for marketing purposes. Sponsorship operations are designed to promote our brand image. Such initiatives are part of our Corporate Social and Responsibility programme, but are prohibited if they are carried out with a view to obtaining an undue advantage, whether real or perceived.

To avoid our donations and sponsorship actions being misconstrued as attempted corruption, be careful to ensure that they:

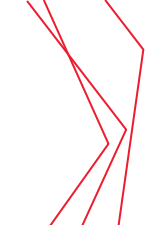
- Comply with the applicable local legislation and with the Group’s Donations and Sponsorship Policy and Procedure;
- Are for the benefit of a clearly identified organisation whose reputation is for public good;
- Are appropriate in terms of value with local conditions and similar operations
- Cannot benefit an individual personally or, indirectly, an MBDA employee;
- Cannot pursue a religious or ideological objective
- Cannot be perceived as a source of conflict of interest or as a means of exerting influence and obtaining an undue advantage; and
- Cannot take the form of a cash payment.

Bribing by paying for nothing, overpaying, or underselling

There are even more concealed and complex corruptive schemes where the underlying transaction does not exist at all or where the underlying transaction exists but the price tag for it is voluntarily inflated or reduced.

“No, no, don’t make the payment to my personal bank account. It’s way too risky. Let’s use an offshore company that I created with some trusted friends. It’s called Bermuda, if you see what I mean... I’ll have Bermuda invoice MBDA for €10,000. Just make sure the invoice is paid even though no service was sold.”

Well, this seems too risky if no service at all was rendered. And I do not know you and your friends that well. I do not want to end up in jail. Let’s play it safer: you have Bermuda produce a 5-page report on the defence industry in the Caribbean, nothing spectacular, just a copy-paste from the internet, and we agree that this report is worth €10,000. Smart, no?”



"These spare parts are €500 each. That's how much MBDA normally sells them for. I can pretend that they are damaged and sell them for €200 each to a reseller of your choice, an acquaintance of course. Then the Air Force buys them from the reseller at the normal price. You and the reseller just need to agree on splitting the €300 extra. Deal?"

"Anti-corruption agencies are very active you know. Too active, I would say. We need to be super careful. Let's really make it look real. Let's set up a joint-venture. 50% MBDA and 50% from my side. MBDA puts in £100,000 for its shares. I do the same. In two years, when the dust has settled, I will buy back MBDA shares at a discounted price, let's say £10,000, blaming it to the fact that we could not manage the business properly and never got the joint venture to make money. There are no guaranteed investment, aren't they?"

Because we only pay by wire transfer, the money flow is always traceable as the name and bank account of the receiver are recorded. But this does not mean that the transaction is not corruptive. Further analysis is required to understand whether the transaction is real (materiality analysis) and correctly priced (value for money analysis), and where the money ends up (follow the money analysis). Such schemes are harder to detect because one needs to analyse each transaction. Was the service actually rendered? Was the product actually sold? How much was invoiced? What is the fair market price? For consultancy services, the value for money analysis is even harder as there is no price list for these generally.

This is why we have put due diligence procedures in place to assess the corruption risk of any third parties we wish to develop a business relationship with. These procedures differ depending on the nature of the third party and are proportionate to the corruption risk in accordance with our mapping of corruption risks.

When the third party, whether it is a supplier, provider, vendor, consultant, subcontractor or partner is engaged by MBDA to perform a service or deliver a product unconnected, directly or indirectly, to a commercial campaign (whether winning or executing it), it goes through a vetting process that is managed by Procurement, in coordination with the Compliance function.

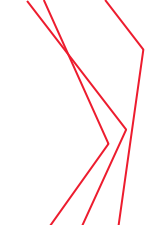
A specific category of third parties carries significant corruption risks because they have been historically used to channel bribes. They are often called agents. The defence sector is regularly singled out for its potential involvement in international corruption schemes through the use of agents that offer or accept bribes⁵. Hiring such agents is considered "high risk"⁶. When a third party is hired to perform an assignment connected, directly or indirectly, to a commercial campaign (whether winning or executing it) or an offset project derived from a sales contract, MBDA calls them Business Advisers, whatever they might be referred to (agent, intermediary, consultant, expert, adviser, service provider).

⁵ Transparency international "Licence to bribe: reducing corruption risks around the use of agents in defence procurement"

<http://ti-defence.org/wp-content/uploads/2016/06/Licence-to-Bribe-web.pdf>

⁶ An OECD study published in 2014 revealed that intermediaries were involved in three quarters of international corruption cases: OECD Foreign Bribery Report, An Analysis of the Crime of Bribery of Foreign Public Officials, 2014, p.8 (OECD Publishing).

https://read.oecd-ilibrary.org/governance/oecd-foreign-bribery-report_9789264226616-en#page1



MBDA is fully aware of the risk of hiring Business Advisers and made the conscious decision, because our presence abroad is limited, to use them for campaigns outside of our home countries, provided they pass a very rigorous compliance process. MBDA has therefore implemented a reinforced vetting procedure when selecting, appointing, reappointing, monitoring or remunerating this type of third party. Consequently, if you need to bring in a third party whose assignment is connected, directly or indirectly, to a commercial campaign (whether winning or executing it), be sure to comply with the Business Advisers Procedure, in close liaison with your compliance officer.

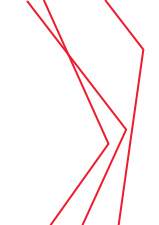
Interacting with Public Officials and Politically Exposed Persons

The biggest corruption scandals involve public decision-makers: government members, members of parliament, local or national political leaders, people elected to public office, or civil servants in the administration ... They are called Public Officials (PO) and Politically Exposed Persons (PEP), together POPEPs. This is why interactions with a POPEP either directly or indirectly carries an inherent corruption risk.

A set of rules therefore apply at MBDA. Hiring former high-ranking POPEPs is subject to the approval of the Compliance function, in addition to obtaining clearance from the local State of our Home nations (as any MBDA employee). Former POPEPs acting as Business Advisers are managed as part of the Business Advisers procedure. Lobbying is defined as the provision of information and technical expertise to inform public decision-making. This activity is generally subject to an obligation of transparency with the public bodies concerned. Additionally, in certain countries, they are subject to reporting obligations that we must also comply with. External lobbyists, or interest representatives, are subject to approval by the Compliance function.

Regarding political contributions, MBDA maintains strict political, religious and philosophical neutrality. Any employee who wishes to become politically involved must do so on a strictly personal basis, without making use of MBDA's image. The Group prohibits any financial support for candidates, elected officials or political parties. A facilitation payment is the direct or indirect payment, to a public official, of a sum of money or a small-value gift to ensure the smooth performance or acceleration of administrative formalities. Examples would include customs or immigration officials who offer to speed up the issue of an administrative authorisation, visa, permit, licence, etc. MBDA strictly prohibits facilitation payments unless your personal safety or physical integrity depends on it.

"During a business trip, a customs officer at a border seems rather reluctant to issue an entry for arrival into their country. They indicate that paying a "special" tax might speed things up. You must refuse, and ask to speak to her/his superior to make sure this tax is not illegal. You are at the airport, about to leave a high-risk country, and the customs officer confiscates your passport, alleging that you have committed an offence. You are locked in a room for interrogation by an armed security officer who explains that you are going to be imprisoned. You have not committed the offence, but you are asked for a certain amount of money to "compensate" for it. Your personal safety or physical integrity is threatened; you are the victim of an extortion attempt. Take all necessary measures to ensure your safety and inform your line manager and your compliance officer of the situation as soon as possible."



Several MBDA's customers are "Public entity" customers: the State itself through its Ministry of Defence or procurement agency, or any state-owned public bodies, agencies or authorities. Therefore, most of our interactions with our customers happen with POPEPs.

We sometimes sell to other defence contractors that are "Private entity" customers meaning private law companies in which no State or public entity holds capital or voting rights. All customers shall be vetted by the Compliance function and are required to comply with the general provisions of this Policy.

Conflicts of Interest

A conflict of interest consists in a set of facts where the personal or financial interest of a person may conflict with her/his role within MBDA and therefore with MBDA's interests. Depending on the circumstances, people may find themselves in a situation of conflict which may in certain cases be considered as fraudulent or corruptive.

Conflicts of interest come in different shapes and forms and may occur intentionally or unintentionally. They may arise from family or close personal relationships like a partner, a friend, ownership and investment interests as well as external activities and positions.

Professional conflict are caused by the specific position a person holds while dealing with the company's customers, suppliers, competitors, or public officials or with their employees. Personal conflict exists because of personal relationship the person has with friends and relatives. Public office conflict: exists because a position (elected or governmental) in the public life (be it local, regional or national) in addition to the MBDA role. Declaring a conflict is the essential step to protect you, your relatives and ultimately MBDA.

"You are in charge of selecting a new supplier. One of the companies taking part in the tender is represented by your cousin. You must declare this conflict of interest by completing a declaration and must request to be step down from this particular tender process. You are recruiting for MBDA. A candidate for a job (or internship, apprenticeship, summer placement or a MBDA sponsored training courses) is a relative. You must declare this conflict of interest by completing a declaration and must request to be step down from this particular recruitment process"



FIGHTING CORRUPTION

Because MBDA is committed to fighting corruption, it applies a zero tolerance principle, maintains a comprehensive anti-bribery and corruption programme (“ABC Programme”) and asks its Stakeholders to say no to corruption, to ask questions and report any concern they may have on this Policy.

Zero tolerance to bribery and corruption

MBDA rejects corruption of any kind, under any circumstances, whether public or private, active or passive, direct or indirect and applies a zero tolerance principle. This zero tolerance approach applies to the entire MBDA Group (wholly owned and controlled entities), internally to its employees (included contingency workers), its directors and officers, and externally to its suppliers or contractors, and its agents or consultants wherever in the world they are based or operate (together the “Stakeholders”).

The Stakeholders shall comply with this anti-corruption programme and follow this Anti-Bribery and Corruption policy (“ABC Policy”), strictly and in all circumstances. No justification – least of all the belief that they are acting in MBDA’s best interests – will be accepted from any Stakeholder to legitimise an act of corruption. Internal Stakeholders are made aware of this Policy by its publication in the BMS and, as the case may be, by communication and training.

Failure by any internal Stakeholder to comply with the this Policy and related Procedures (as referenced herein below) may, according to local laws, result in contractual sanctions and disciplinary actions, up to and including, dismissal/removal/termination for serious or gross misconduct, without prejudice to any civil, administrative, and criminal sanctions that may be brought in respect of the established offences. External Stakeholders are made aware of this policy by its publication on the corporate website⁷ of MBDA and, as the case may be, when contracting with MBDA.

This Policy is an umbrella policy; it is supplemented by detailed procedures which are to be followed in order to effectively prevent and reduce the risk of occurrence of any particular pattern of corruption. Stakeholders should therefore refer to this Policy and to the related Procedures as many times as required, and should apply their provisions strictly.

Stakeholders shall take appropriate measures to avoid becoming actors in, or accomplices to, a bribery, corruption or influence-peddling scheme. If Stakeholders have serious doubts about the behaviour of a person or suspect a practice contrary to this Policy, they are asked to report it. If the provisions of this Policy appear to diverge from local legal requirements, the stricter rule takes precedence. Corruption, bribery, and influence peddling are all illegal. For the sake of clarity, we have used the word corruption in the document as a term to cover both corruption, bribery, and influence peddling.

⁷ <https://www.mbda-systems.com/>



Anti-bribery and Corruption Programme

MBDA has designed and implemented a comprehensive anti-bribery and corruption programme (“ABC Programme”) detailing the measures and procedures for raising awareness, preventing, detecting, and sanctioning corruption. MBDA’s commitment against corruption is stated in our Code of Ethics. The ABC Programme is taking into account the risk profile of the company, its size, organisation and the nature of its activities and is deployed in entities under MBDA’s control.

Management of the ABC programme is delegated to the Chief Ethic, Compliance and Corporate Responsibility Officer (“CECRO”) who has appropriate competence, status, independence, with direct and prompt access to Top Management (Executive Committee, Business Ethics Committee, Audit Committee) and Governing bodies (Board). The CECRO is responsible for managing the Compliance function which is granted the authority, the status and the independence from business activities.

The CECRO ensures the Compliance function has the proper knowledge, skills, and education to perform its duties.

The ABC Programme is structured on three foundation principles.

- The continuous personal commitment of Senior Management through personal exemplary behavior and decision making; approval, accountability and performance oversight; resources and skills allocation; communication and sanctions. Senior Management commits to a corruption-free performance.
- The periodic risk identification and mapping based on the company’s processes to ensure proper management. The ABC risk map is validated by Senior Management and reflected in the company Enterprise Risk Management process⁸. The corruption risks are reassessed on an ongoing basis so that any changes in our activities or significant external changes (such as financial-economic circumstances, market conditions, changes in the regulatory environment etc.) are properly captured. The corruption risks are analysed by considering causes and sources of non-compliance and the severity of their consequences (potential impact), as well as the probability of non-compliance (probability of occurrence).
- The full implementation of prevention and detection measures and the thorough follow up on corrective actions.

⁸ BMS1323



The management of the corruption risks is structured on three iterative steps: prevent, detect and correct. To prevent the risk of non-compliance with our anti-corruption obligations, we have put in place appropriate risk assessments, adequate policies and procedures, tools and relevant communication and training. The ABC Policy is designed to address corruption risks identified in the ABC risk-mapping. The ABC Policy is communicated to all Stakeholders.

It is available on the BMS, on the company's intranet and is published on MBDA's corporate website. To help Stakeholders fully understand and apply the ABC Policy, specific tools are at their disposal where appropriate, such as templates, guidelines, booklets, etc. To support continuous awareness and ensure common compliance culture throughout the Group, key information relating to anti-corruption and compliance is directly available to all MBDA employees via a dedicated section of our intranet. Additional communication is made via other channels. MBDA continually reminds its employees of its ABC Programme, addressed risks and associated measures through various training and awareness sessions.


This aims at ensuring all employees, and in particular those in sensitive positions, have clear guidance on how to conduct business and act in a responsible way. Performance of the trainings and awareness sessions available via e-learning is assessed via analytics.

Third party due diligences are part of the ABC processes related to service providers, suppliers, business advisors and customers based on their risk profiles. There are conducted in various ways ranging from analysis of information supplied by third parties to external due diligences and monitoring of money flows to assess the possibility, continuation, or termination of the relationship.

For MBDA National Companies, MBDA Liaison Offices, this policy applies as is. If a local implementation procedure is required, to incorporate national specificities, the compliance officer in charge shall approve it and submit it to the CECRO for approval. For other companies where MBDA has control, the principles stated in this policy apply as is through local procedures. Where practicable, for companies where MBDA does not have control, MBDA shall require such companies to implement the principles stated in this policy.

To detect any failure in implementing the ABC Policy or detect weak points in our control environment, we monitor our ABC Programme by regular reviews, annual audits and analysis of allegations raised, if any. Adequacy, implementation and effectiveness of the ABC Programme, and in particular of the ABC Policy, are regularly assessed via internal reviews organised on specific topics as per necessity.

The control environment is regularly assessed and the specific ABC control points are tested. Such reviews are led by the Compliance function. The ABC Policy and associated procedures are regularly updated to take into consideration the most recent relevant changes at both national



and international level, new business challenges and international best practices in the field of anti-corruption, as well as any relevant circumstances justifying such amendment, including circumstances such as actual or alleged instances of corruption.

The Business Ethics Committee (“BEC”) approves any update of the ABC Programme, Policy and associated procedures. In addition, the performance of the ABC Programme is continuously measured through specific key performance indicators.

These, as well as a rolling two-year improvement plan, are reviewed by the BEC and reported to other MBDA governance bodies, such as the Executive Committee, the Audit Committee and the Board of MBDA. Group Internal Audit ensures an efficient and regular control of the ABC Programme and proposes potential process upgrades to address possible weaknesses.

The BEC and the CECRO can, at any time request, specific reviews and audits. Such requests are subject to approval in accordance with MBDA relevant procedures. Any breach or weak point in the ABC Programme can also be detected by the Stakeholders who are asked to report them through the Allegation process (BMS3488).

Any such allegation shall be made in good faith dealt with in accordance with the dedicated Group processes ensuring confidentiality and the protection of the source. Appropriate actions are undertaken depending on the outcomes. When detected through these detection mechanisms, any newly identified risk or weak points are addressed and corrective actions are implemented.

When a breach or a weak point is detected, it is investigated and if evidenced, corrective measures are put in place under BEC approval. Reported breaches are investigated and remedied as per the Management of Allegations Process. Any detected weakness is root caused and remedied by the appropriate function. Appropriate corrective and/or preventive actions are undertaken to improve the ABC Programme and prevent re-occurrence. When required, the ABC risk map is updated. Employees are disciplined or contracts are terminated. Records are maintained in compliance with data protection laws and regulations.

Say No to Corruption

Every Stakeholder can play an active role and say no to corruption when they identify a corruptive scheme. Everyone can apply common sense, look for basic corruption warning signs, and share their concerns with the management or the Compliance function.

Here are a few warning signs:

- A third party linked to a public official is involved in the transaction;
- The business adviser was imposed by a customer;
- The business adviser also acts as a supplier;
- The remuneration is excessive without reasonable justification;
- It's not the first time that the buyer has asked for a gift;
- The hospitality that is asked is disproportionate or non-business related;
- The signing of the contract is conditioned to a side arrangement;

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- The third party is based in an unrelated country or a tax haven.

In addition, Stakeholders involved in the selection process or payment approval process of a third party, shall apply these three check. Know Your Counterpart consist in obtaining as much information as reasonable about the third parties external to MBDA (customers, partners, suppliers, consultants, etc.) whether they are individuals or organisations: status, reputation, beneficial owners, etc.

Value for Money consists in always checking, and being ready to justify, the price paid for a service or equipment purchased with regard to its usefulness and the added-value it represents for the company, both at the signing of the contract and throughout its duration. Follow the Money consists in making sure you pay the right person to a pre-checked bank account, as per the contractual terms and conditions.

Asking questions and reporting concerns

All Stakeholders are encouraged to ask questions on this Policy to a compliance officer who will provide help and guidance so that the Policy is fully understood and therefore applied. If you have serious doubts about the behaviour of a person or suspect a practice contrary to this Policy, you are asked to report it to your line manager or your point of contact within MBDA and a compliance officer.

However, if you do not feel that this solution is appropriate in the circumstances, you can report any incident confidentially and in your own language on our alert hotline:
report-allegations@mbda-systems.com.

Whichever channel you choose, MBDA undertakes to deal with your report as quickly as possible and to follow it up appropriately. Additionally, as provided for by law, MBDA does not take any measures of reprisal against its author, whose identity shall remain confidential.

The personal data contained in the reports received shall be handled in accordance with the European Union's personal data processing regulations.