

UK MODERN
SLAVERY STATEMENT
RESPONSE 2024



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**No. 1
IN
EUROPE**

**MBDA IS THE ONLY EUROPEAN GROUP
CAPABLE OF DESIGNING AND PRODUCING
MISSILES AND MISSILE SYSTEMS TO MEET
THE WHOLE RANGE OF CURRENT AND
FUTURE NEEDS OF THE THREE
ARMED FORCES**



**A EUROPEAN INTEGRATED
DEFENCE COMPANY**



15,000+ EMPLOYEES

**A JOINT VENTURE OF THE THREE EUROPEAN
LEADERS IN AEROSPACE AND DEFENCE:
AIRBUS (37.5%), BAE SYSTEMS (37.5%)
AND LEONARDO (25%)**



This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 (the 'Act') and constitutes MBDA UK Limited's ('MBDA UK') Modern Slavery and Human Trafficking statement for the financial year ending 31 December 2023.

MBDA UK has a zero tolerance approach to modern slavery of any kind within its operations and supply chain. This statement references the principles applicable to MBDA UK with respect to modern slavery and human trafficking and sets out the steps that MBDA UK has taken within the statement period to ensure that modern slavery and human trafficking is not present in its business or its supply chain.

ORGANISATION STRUCTURE, OUR BUSINESS AND SUPPLY CHAINS

MBDA UK is a private limited company, being the principle UK entity of the MBDA Group, an international group of companies, the holding company of which is MBDA UK's immediate parent MBDA SAS (the 'MBDA Group'). MBDA SAS is a joint venture company owned by BAE Systems PLC (37.5%), Airbus SE (37.5%) and Leonardo SpA (25%).

MBDA Group employs around 15,000 employees, the vast majority of whom are permanent employees.

MBDA UK's supply chain plays a vital role in supporting the continued production and development of cutting edge missiles and missile systems for the three armed forces. Due to the complex nature of the products and their long life span, MBDA UK has fostered long lasting supplier relationships with companies who share its ethical standards.

Ninety percent of MBDA UK's tier 1 suppliers are based in Europe and OECD countries. As such, the majority of MBDA UK's suppliers are located in regions that are generally considered to present a lower risk in terms of modern slavery and human trafficking.

POLICIES ON MODERN SLAVERY

Code of Ethics

MBDA Group has an established Code of Ethics that is central to all its operations and underpins the culture across the MBDA Group. The 2020 Code of Ethics can be found here: https://www.mbda-systems.com/wp-content/uploads/2023/12/MBDA-Code-of-Ethics-2020-report_UK-online.pdf

The Code of Ethics requires all employees across the MBDA Group to behave as an industry benchmark for innovation, operational excellence and ethical standards. Embedded within the Code of Ethics is the 'protection of fundamental freedoms and human rights' and the policy confirms our adherence to national laws and regulations and, in particular, to the principles enshrined in the Act.

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“ Our ability to understand potential risk in our supply chain is fundamental to our working practices and, as such, we ensure our employees receive the appropriate training and support. ”

90% OF MBDA UK'S TIER 1 SUPPLIERS ARE BASED IN EUROPE AND OECD COUNTRIES



Supply chain business ethics procedure

External to our business, our suppliers deliver an important part of the value in our products and play a crucial role in customer satisfaction. Our multi-faceted, robust and risk-based approach to supply chain business ethics is therefore fundamental in ensuring that our products are built to the highest ethical standards. We have expectations of how suppliers manage their ethical conduct and central to this is the Supply Chain Business Ethics Procedure. This procedure ensures the appropriate ethical assessment and validation of our current and future suppliers is carried out.

Reporting

In the statement year, the MBDA Group updated its reporting processes by introducing a new dedicated integrity line and associated management system. The *MBDA integrity line procedure* can be found here: https://www.mbda-systems.com/wp-content/uploads/2023/12/MBDA-INTEGRITY-LINE-Procedure_.pdf

The 'integrity line' has been designed to follow the guidance established by *ISO37002 Whistleblowing management systems* and the requirements of *ISO37001 Anti-bribery management systems*. As specified in the procedure, it is open to a wide range of people including but not limited to employees, apprentices, interns, suppliers, customers, partners, stakeholders wherever located. It has been designed to capture, violations of the MBDA Code of Ethics, policies and procedures, violations of any applicable laws and regulations including those relevant to human rights and/or modern slavery and human trafficking, amongst other areas. MBDA UK and the MBDA Group is fully committed to an open culture of speaking up and listening and encourages concerned stakeholders to ask questions, raise concerns and report potential violations. Any report will be treated seriously, with the utmost importance and confidentiality.

Supply chain contracts

MBDA UK supplier contracts require all suppliers to be compliant with applicable UK law, including compliance with the Act. Failure by our suppliers to act in accordance with applicable law and address any necessary corrective actions may result in MBDA UK terminating its contract with the relevant supplier.

The Legal and Compliance Directorate in the statement period updated its 'Business Integrity' clause. The updated clause requires suppliers to comply with any specific due diligence legal requirements regarding human rights. The clause makes reference and requires compliance with the Act. A failure to comply shall be considered a material breach of the contract and entitle MBDA UK to terminate the contract.

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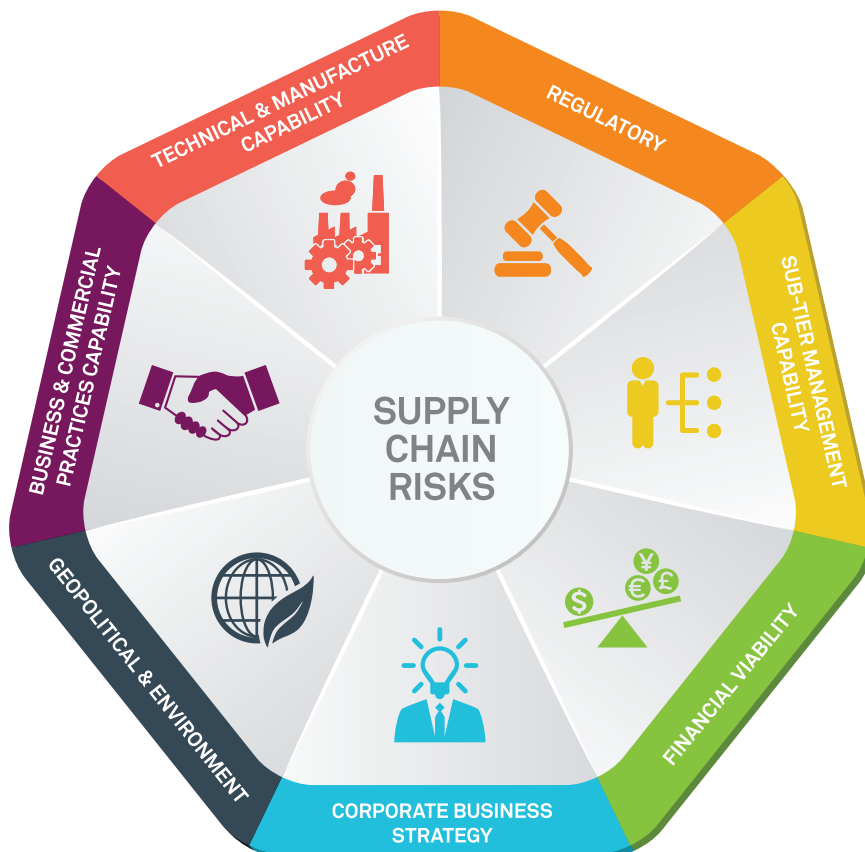
The MBDA Group has produced a contract negotiator's handbook to act as a template and guide when negotiating supplier contracts (the 'Procurement Handbook'). A team made up of legal and procurement representatives from across the MBDA Group (including MBDA UK) meet on a quarterly basis to review and update the Procurement Handbook. The meetings are a forum to discuss supply chain best practice, any legislative developments and propose amendments and improvements to the clauses and guidance within the Procurement Handbook. As referred to above, the updated 'Business Integrity' clause was a topic for discussion at one of these meetings during the statement period. The clause has been approved to form part of the Procurement Handbook and for it to be used across the MBDA Group in supplier contracts.

MBDA UK also continued to monitor the potential legislative developments arising out of the 'Home Office Transparency in Supply Chains Consultation – Government Response' and the Modern Slavery Bill announced in May 2022, ensuring that modern slavery remained a key focus of the Procurement Handbook meetings and across the MBDA UK business, along with any other related developments in the UK and the EU.

“ We rely on our international supply chain, which spans across multiple tiers, in order to manufacture our products and meet our customer requirements. ”

OUR SUPPLIER RISK ASSESSMENT AND DUE DILIGENCE

We have a strong and well-established commitment to responsible business conduct; our internal processes demonstrate our dedication to transparency and ensuring that good supply chain practices are in place.



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We assess potential suppliers as part of our risk registration process to ensure that we are working with ethical suppliers who share the same principles and values as us. We check a potential supplier's history before we contract with them, including any adverse media concerning slavery and human trafficking.

We work with our active suppliers to ensure they have appropriate systems and risk mitigation strategies in place to assess their own business and their sub-tier suppliers.

We deliver a supply chain risk management model that is based around seven key risk areas, creating a risk profile for each supplier at the earliest possible opportunity. This approach is aimed at improving the early identification, prevention and mitigation of supply chain risk in order to ensure a sustainable and high performing supply chain throughout the full lifecycle of our products. It achieves this by enhancing the levels of screening, risk understanding, mitigation and reporting across the MBDA Group.

If we consider that a company within our supply chain is deemed to be at higher risk with respect to modern slavery and human trafficking, the supplier will be subject to further in-depth assessments and planned risk mitigation, as appropriate. All of our active suppliers are subject to continued monitoring throughout their lifecycle contract with MBDA UK.

MBDA UK did not find, through its supplier due diligence checks and processes, any International Labour Organisation indicators of forced labour within its supply chain during the statement period. This will be continually monitored during the next statement period.

TRAINING AND AWARENESS OF MODERN SLAVERY

We remain committed to increasing our employees' awareness of modern slavery and we will continue to update policies and processes as appropriate, whilst identifying priority segments of our supply chain.

MBDA UK has a specific training segment on Business Ethics and Compliance. On joining MBDA UK, all employees are required to attend this mandatory session which explains the policies (set out above), the importance of the Code of Ethics and how this underpins the culture within the MBDA Group.

Importantly, the training reiterates that every employee should report any concern they may have, including any concern relating to modern slavery. In addition to the above, MBDA UK also has a mandatory Code of Ethics awareness training course and assessment for all employees. The course reinforces MBDA UK's values and commitments, it identifies expected ethical behaviours and identifies how to recognise situations that present a greater risk.

MBDA UK has a Procurement and Supply Chain Academy whereby the procurement community is afforded access to advanced formal and bespoke training to allow professional development. All procurement and supply chain personnel are required to carry out a mandatory e-learning module (including assessment) on business ethics and compliance, including a section on modern slavery and human trafficking.

GOALS AND EFFECTIVENESS IN COMBATING MODERN SLAVERY

MBDA UK has two main goals in combating modern slavery and human trafficking:

1. To ensure that modern slavery and human trafficking continues to have no place within the MBDA Group and its supply chains; and
2. To ensure that all employees in MBDA UK are aware of the Act and implement the Code of Ethics as part of their daily role.

MBDA UK did not report any incidents of modern slavery or human trafficking within the statement period.

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MBDA UK uses the following mechanisms to measure effectiveness in tackling modern slavery and human trafficking:

- Each year, MBDA UK's Directors participate in and contribute to an in-depth review of the MBDA Group Strategy in terms of past performance and the future by the generation of an integrated strategic business plan. Any risks in relation to ethical non-compliance in our supply chains will be carefully considered and action taken;
- The MBDA Group has a Committee for Business Ethics & Corporate Responsibility who are responsible for defining and updating relevant policies and procedures to ensure the highest ethical standards within the MBDA Group and its supply chains are maintained; and
- MBDA UK has its own National Compliance Officer who has a direct escalation route to the UK MD for any national compliance matters, including with respect to compliance with the Modern Slavery Act. As such, any issues detected concerning modern slavery are dealt with at the highest level within MBDA UK.

This statement has been approved by the Board of MBDA UK Limited at a board meeting held on 28 June 2024.



Chris Allam

Managing Director MBDA UK & Executive Group Director Engineering

MBDA helping to tackle slavery and human trafficking in our industry.