

MBDA UK LIMITED
COMPANIES ACT SECTION 172(1) STATEMENT

By way of background, it is worth highlighting that the UK Group is a part of the MBDA Group, an international group of companies, the holding company of which is the Company's immediate parent MBDA SAS, a French corporation (the "MBDA Group"), ultimately owned by BAE Systems PLC (37.5%), Airbus SE (37.5%) and Leonardo SpA (25%).

As required by Section 172 of the UK Companies Act 2006, the Directors of the UK entities within the UK Group must act in the way they consider, in good faith, will most likely promote the success of the business for the benefit of its shareholders as a whole. In doing this, each Director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the UK Group's employees;
- need to foster the UK Group's business relationships with suppliers, customers and others;
- impact of the UK Group's operations on the community and environment;
- UK Group's reputation for high standards of business conduct; and
- need to act fairly between members of the UK Group.

Overview of how the Directors perform their duties

As part of their induction, each director of the Company (the "Directors") is briefed on their duties. The Directors are also guided as to these duties by the Company's Legal department and the Company Secretary. While the Directors are collectively responsible for the long-term success of the business, as is common in most large businesses, the Directors fulfil their duties partly through a delegated authority framework that delegates some day-to-day decision-making to employees of the Company (the "Delegated Authorities"). The Company mandates strict adherence to the Delegated Authorities, which provides governance on accountability for decision-making across the business. The Delegated Authorities framework empowers a network of talented and responsible individuals to support the Directors in their aims, and assists with ensuring that there is an effective two-way channel of communication and engagement relating to the operation of the Company.

The Directors further fulfil their duties by acting in accordance with the MBDA Group's Principles of Operation, which lays out the main roles and responsibilities of the two main operational Governance committees of the MBDA Group; the Executive Committee and the Management Committee. Currently, four of the six Directors of the Company are members of the MBDA Group Executive Committee. The Principles of Operation also detail the respective responsibilities, organisations and principles of each MBDA Group company. The Principles of Operation are regularly reviewed and amended to reflect any changes to perceived risks or the environment in which the Company operates.

Long-term Company success

Each year, the Company's Directors participate in and contribute to an in-depth review of the Company's strategy, both in terms of past performance and the future, by the generation of an Integrated Strategic Business Plan ("ISBP"), as part of an overall MBDA Group ISBP review. The ISBP is built on a foundation of knowledge and feedback gained through internal and external engagement with key stakeholders, including employees, customers, suppliers, industry working groups and Government organisations. Once ratified internally by the Company's Directors, the Company's ISBP is submitted for inclusion into the wider MBDA Group ISBP. Once confirmed, the Company's ISBP forms the basis of the Company's budget, resource and investment plans, and outlines the future strategic areas of focus for the Company. In underwriting the ISBP, the Company, through the Directors and others within the MBDA Group authorised by the Directors engages with key stakeholders, including its shareholders, employees, customers and suppliers to ensure that the focus of the business over this period is aligned with their expectations and is realistic, based on a wide pool of views about the likely future impact of decisions. Consideration is always given to the economic and social consequences of the Company's long-term decisions and reputation. Further detail on the main methods the company uses to engage with its stakeholders is provided below.

Risk management is a fundamental part of how the Company operates. It is embedded into daily operations at all levels of the business, including aspects related to health and safety, security, environmental impact, product safety, contractual obligations, stakeholder relationships and financial consequences. The Company uses a risk management tool to collate and manage all identified risks. These risks, along with the associated mitigation activity, are reviewed regularly by management. In addition to the management of risks, the Company also seeks out operational assurance self-assessment by way of a

quarterly review by senior representatives from each function across the Company on all aspects of the Company's operations, meetings to discuss key risks, progress and proposed mitigations, as well as highlighting successes during that period. The outcome of these reviews is used to inform the decision-making process of the Company.

Employees

To ensure the interests of the UK Group's employees are advanced and that employees are fully engaged in the strategic direction and operation of the Company, the MBDA Group has an employee engagement strategy in place to ensure regular effective two-way communications between management and all employees. This includes an annual "state of the nation" briefing to the UK Group by members of the MBDA Executive Committee, frequent "Team Briefs" from the Chief Executive and UK Directors, alongside more informal use of the internal social media channels. Additionally, there has been a regular Employee Opinion Survey (EOS) undertaken. The EOS enabled employees to anonymously express views over a range of themes such as ways of working, ethics, recognition and development. The responses of the last EOS have been fully analysed and both MBDA Group and Directorate Actions plans produced. The last EOS was undertaken in 2021 but moving forward it has been decided that smaller, more frequent "pulse" surveys will replace the previous bi-annual EOS.

Regular feedback is provided to employees on both the results of these surveys and the resultant proposed action plans which are developed in collaboration between management and employees based on area-specific reports. A summary of all action plans and their implementation is presented to the Executive Committee. These surveys have highlighted the strength of the relationship between the Company and its employees and the sense of support, fairness and respect people feel when working for the Company. As an evolution to the traditional Group-wide approach, a greater focus is now being placed on Pulse Surveys, allowing more timely, targeted surveys to specific populations across the Organisation. This will enable particular themes to be explored as and when necessary and will complement the Group Wide approach.

This business implemented new ways of working following the COVID-19 pandemic. "Dynamic Working" enables flexibility for the mutual benefit of our people and our business and has proven to be successful in terms of attracting and retaining talent as well as motivating the employee community.

Workshops took place during the year with employees from across the business to co-design a refresh of the UK Equality, Diversity and Inclusion (ED&I) strategy. These inputs fed into the development of ED&I commitments and ambitions for MBDA Group, which focus on providing an inclusive culture and environment for all, gender equality and disability positivity. MBDA UK published its Ethnicity Pay Gap Report for the first time, and established the Inclusion Forum: a formal space for the business to engage with representatives from our ED&I networks and trade unions on how to create a more inclusive and accessible workplace experience, seeking to take a balanced approach where diverse voices are heard and different perspectives are taken into account.

The Company has well developed relationships, structures and processes through which it engages regularly with Trade Union representatives and officials to inform, consult and negotiate on relevant matters as necessary.

Customers

Customer-facing Directors and employees regularly engage with customers to provide a two-way flow of information, sharing requirements and progress against milestones to promote mutual benefit and understanding of key priorities. These engagements take place in multiple formats, either one-to-one or with wider customer and business stakeholders as appropriate. Key information gathered as an output of these engagements is shared with Directors as appropriate and other employees as required to reach all appropriate individuals within the Company. The engagement activity assists the Company remaining culturally focussed on meeting customer priorities and engaging collaboratively to ensure that a strong relationship is built for the future success of the Company.

Suppliers

Company Directors meet regularly with representatives from the Company's procurement function in order to understand the relationship between the Company and its supply chain, the performance status of the Company's suppliers and key risks within the supply chain. Furthermore, they give due consideration to the potential for developing strategic partnerships with the supply chain. Ethics, cost, quality, performance, delivery and suitability are all taken into account in the selection of goods and services. All suppliers go through a two stage vetting process. 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. A risk registration process (fit for business) is followed before any business discussions can commence followed by supplier accreditation (fit for purpose).

The Company also aims to act responsibly and fairly in its engagement with suppliers. All suppliers are paid in accordance with their agreed terms.

Community and environment

The MBDA Group is committed to implementing policies and procedures that benefit the environment and communities within which we operate. An important aspect of the MBDA Group's commitment to responsible corporate behaviour is its ability to exercise social responsibility through company giving and sponsorship. Over the course of the year, as part of our corporate and social responsibility aims, we sponsor and contribute to the activities of worthy charities and causes in the communities in which we operate.

In January 2022, MBDA Group's CEO launched a comprehensive corporate Environmental, Social Governance (ESG) Programme for the MBDA Group covering the pillars of environment, sustainability, diversity and inclusion. There will be a particular focus on reducing our carbon footprint, promoting access to training for employees and implementing measures to improve health, safety and well-being at work, and effective governance to ensure integrity of our practices in the countries in which we operate. This will be measured through quantitative targets and KPIs to ensure that the efforts are measurable and that sustainability initiatives can be assessed through meaningful criteria.

The MBDA Group's environmental stewardship programme strives to contribute proactively to preserve the environment through our operations and through the lifecycle of our products in order to reduce our environmental footprint. Our MBDA Corporate Responsibility Report provides further information.

Please see the section below within the Directors' Report specifying the environmental factors. The link to the Sustainability report is below:

https://www.mbda-systems.com/wp-content/uploads/2023/06/2022-MBDA_Sustainability-Report.pdf

Standards of Business Conduct

Through the MBDA Group's framework of Corporate Social Responsibility initiatives, we ensure that our business operates in an ethical, sound and responsible manner to create a trustworthy environment for our stakeholders, both inside the Company with our employees and externally with our customer partners. The Company has a well-established commitment to ethical business conduct, reflecting international best practices. MBDA Group has an established Code of Ethics that is central to all its operations and underpins the culture across the MBDA Group. The link to the Code of Ethics is below:

https://www.mbda-systems.com/wp-content/uploads/2020/03/MBDA-Code-of-Ethics-2020-report_UK.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. The Code of Ethics is reviewed regularly to ensure that any changes to legislation are appropriately embedded so that the MBDA Group continues to conduct its business activities to the highest ethical standard.

Training sessions are organised by the Business Ethics Directorate for managers and exposed personnel. In addition, employees have access to additional guidelines. The Business Ethics Directorate are at any employees' disposal to answer questions relating to the Code of Ethics, and how this applies to internal and external dealings.

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

Fair Dealings between the Members

The principal elements governing the relationship between the MBDA Group and the ultimate shareholders are encompassed in the agreement between the Company's parent MBDA SAS and the MBDA Group's ultimate shareholders (the "**Shareholder's Agreement**"). The Shareholder's Agreement includes various mechanisms, such as reserved matters, reporting requirements (including monthly financial reporting), financial approvals and board membership requirements which facilitate equal visibility of information relating to the Company and fair dealings by the Company as between the ultimate shareholders.