

## **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, inevitably in a company the size of the Company, 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 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 details the respective responsibilities, organisations and principles of each MBDA Group company.

#### **Long-term Company success**

Each year, the Company's Directors participate in and/or contribute to an in-depth review of the Company's strategy, both in terms of past performance and the future, by the generation of a 5 year Integrated Strategic Business Plan ("**ISBP**"), as part of an overall MBDA Group ISBP review. Once ratified internally by the Company's Directors and other relevant stakeholders, 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 5 year ISBP, the Company, through the Directors and/or others within the MBDA Group authorised by the Directors engages with key stakeholders, and confirms the focus of the business over this period is aligned with their expectations and is realistic. Consideration is always given to the consequences of the Company's long-term decisions and reputation.

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 consequence. The Company has deployed a new risk management tool, to collate and manage all identified risks. These risks, along with the associated mitigation activity, is reviewed regularly by management. In addition to the management of risks, the Company also seeks out operational assurance self-assessment from its various functions on all aspects of its operations.

## **Employees**

The MBDA Group has an employee engagement strategy in place to ensure regular effective two-way communications between management and all employees. This includes a bi-annual Employee Opinion Survey. The last survey was conducted in November 2018. The Survey enables employees to express views over a range of themes. The responses highlight 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. 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.

## **Suppliers**

Relevant 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 will give due consideration to the potential for developing strategic partnerships with the supply chain. In the selection of goods and services account must be taken of ethics, cost, quality, performance, delivery and suitability. All suppliers go through a two stage vetting process. A risk registration process (fit for business) before any business discussions can commence followed by supplier accreditation (fit for purpose).

## **Community and environment**

An important aspect of MBDA Group's commitment to responsible corporate behaviour is its ability to exercise social responsibility through company giving and sponsorship. 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.

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 CSR report is below:

<https://www.mbda-systems.com/wp-content/uploads/2020/08/MBDA-CSR-Report-2019-online.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. The Company has a well-established commitment to ethical business conduct, reflecting international best practices. 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](https://www.mbda-systems.com/wp-content/uploads/2020/03/MBDA-Code-of-Ethics-2020-report_UK.pdf)

### **Fair Dealings as 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 "**Shareholders Agreement**"). The Shareholders Agreement includes various mechanisms, such as reserved matters, reporting requirements, 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.