

**BUSINESS
ADVISERS
PROCEDURE**

*« Ethics, Compliance
and Corporate
Responsibility »*

BMS3492
Issue 5



BUSINESS ADVISERS PROCEDURE

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The use of business advisors is strictly governed by internal procedures. MBDA is fully aware of the risk of hiring Business Advisors 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.

SUMMARY

PREAMBLE 3
SCOPE..... 3
PRINCIPLES..... 4
BUSINESS ADVISER APPROVAL PROCESS SUMMARY 7



PREAMBLE

This Procedure details the various compliance control points put in place to reduce the risk of bribery and corruption by third parties appointed by MBDA in support of its development, sales and marketing activities. It serves to implement the key principles stated in the Anti-Bribery and Corruption Policy regarding contractual arrangements with Business Advisers.

The spirit, and not only the letter, of this Procedure must be complied with at all times. Deliberately trying to avoid applying this Procedure by any means will be considered as a breach. Any breach of this Procedure is deemed a breach of the Anti-Bribery and Corruption Policy and may result in disciplinary action up to and including dismissal for serious or gross misconduct, without prejudice to any civil or criminal action that may be brought.

If uncertain of whether this Procedure applies or on how to apply it, please seek advice from a Compliance Officer.

Any exception to any Key Rule stated in this Procedure requires written approval by the Chief Ethic, Compliance and Responsibility Officer, or when specified, approval by the Business Ethics Committee.

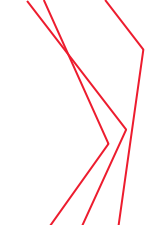
SCOPE

For the purpose of this Procedure, any company or other legal entity which is engaged or to be engaged to support MBDA's future business development and assist its marketing and sales activities or advocating MBDA's interests in legislative and administrative bodies in a given territory is called a Business Adviser.

This Procedure covers all the steps of the relationship with a Business Adviser, from selection, assessment (due diligence), appointment, monitoring, payment, renewal, and termination. Each and every step of the relationship between MBDA and a Business Adviser shall follow this Procedure, be duly approved, formalised in writing, and recorded. Verbal approvals have no value

Business Adviser's missions can include (not exhaustive list):

- Advising MBDA on specific commercial campaign(s), based on BA's knowledge of the defence and missile market in the territory where MBDA intends to do business, and of the business environment: customer, competition, potential industrial partners etc.;
- Providing MBDA with the necessary information and support to develop its knowledge of the territory where MBDA intends to do business and to build a sales strategy. The services provided are not linked to a specific commercial campaign and can also include logistic support to MBDA in the territory;
- Marketing the MBDA portfolio to an existing customer in a given territory to provide after-sale services or to support the sale of adjacent products and services by MBDA;

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- Assisting MBDA in fulfilling its offset obligations, through project engineering, banking, trading of offset credits and/or by means of capturing eligible business flows; and/or promoting its offset project towards customer's offset administration so as to obtain the targeted offset credits.

PRINCIPLES

Key requirements

Key rules. The following key rules shall be complied with:

- Business Advisers have no authority, and shall not be given authority, to commit on behalf of MBDA. They do not represent MBDA, they are only advising MBDA.
- Any legal entity (and any affiliated company of said legal entity) that provides any type of product or services to MBDA when or after having been appointed by MBDA as a Business Adviser shall be monitored by compliance before being entrusted with non-Business Adviser assignments.
- Only a duly incorporated legal entity may be a Business Adviser. An individual cannot be a Business Adviser.
- No work can be entrusted by MBDA to a Business Adviser before the Business Adviser passed all the Compliance Checks and a written agreement was signed as per the templates of this Procedure.
- No Business Advisers works without being approved or that there is no time-gap between the successive agreements of an existing Business Advisers. This rule makes it impossible to back date the entry into force of an agreement.
- The Business Adviser shall be located in the country where the customer or the end-user seats. The bank account on which it is paid shall be located in that country. Any exception requires approval from the Business Ethics Committee.
- Only one Business Adviser may be appointed in a given territory or for a given campaign. Any exception requires approval from the Business Ethics Committee.
- If a Business Adviser has already signed an agreement with any MBDA entity, the rationale for signing another agreement with that Business Adviser shall be provided in writing. It requires approval from the Business Ethics Committee.
- No payment to a Business Advisers shall be made except under the approval process described in this procedure.



Necessity. A Business Adviser shall be appointed or renewed only if the necessity is evidenced:

- The full and detailed mission and duties entrusted to the Business Adviser;
- The reasons why the mission and duties cannot be completed by MBDA itself (e.g. no local presence, no experience in the territory, culture and language gaps, requirement coming from the customer, etc...); and
- The objective pursued cannot be achieved without the appointment of a Business Adviser.

Selection. Candidate Business Advisers shall satisfy the following factors:

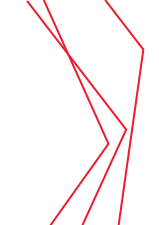
- Expertise in military products and in defence acquisition rules applicable in the territory (government defence policy, decision making process, specific defence procurement rules etc.);
- Reputation in terms of ethics, compliance, and responsibility;
- Capability in terms of headcount, workload, and access.

Legality. Compliance with applicable and law and regulations shall be ensured, including:

- The country where MBDA intends to appoint or renew a Business Adviser shall allow it and any condition or restriction to such appointment or renewal shall be complied with.
- The contractual relationship between MBDA and the Business Adviser shall be compliant with all relevant applicable laws and regulations in force within the countries where the parties are located (MBDA Company, Business Adviser, and end-user).
- Contemplated relationship shall also be consistent with all anticipated relevant provisions of the commercial contract, according to past experience with the customer and/or specific customer's procurement processes.

Remuneration:

- The services to be provided by the Business Adviser shall always be tangible and the price commensurate with the tasks to be assigned and the value MBDA derives from these tasks.
- When the Business Adviser supports MBDA in winning a sale (main sale or adjacent sale), the remuneration may include an incentive element to drive the performance of the Business Adviser (success fees).
- The remuneration options are defined by the Business Ethics Committee and are applicable to all Business Advisers.

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- Any exception to the remuneration options either in terms of percentage value, sliding scale, cap, or deductibility which result in a higher remuneration for the Business Adviser is subject to approval by the Business Ethics Committee.

Clearance. A Business Adviser appointment is conditioned to compliance clearance:

- A Business Adviser cannot be hired before having obtained approval as per this Procedure;
- it cannot work for MBDA before having obtained approval as per this Procedure;
- it cannot continue working for MBDA after its agreement has expired and that MBDA will not pay for any work between the expiration of the old agreement and the signature of a new one or a renewal.
- MBDA will not pay for any work done before a written agreement is signed between MBDA and the approved Business Adviser.

Due Diligence and Checks

The cycle of due diligence follows a minimum pattern below but Compliance Officers may apply a higher standard to ensure risk-based checks. Three levels of due diligence are performed which includes various levels of checks on documents provided by Business Advisers, Business Advisers interviews and external due diligences (involving identifying ultimate beneficiary ownership). On each due diligence, three categories of checks are run: Know Your Counterpart (“KYC”), Value For Money (“VFM”), and Follow The Money (“FTM”).

Compliance Officers shall review Business Advisers quarterly activity reports ensuring the activity is sufficiently documented, in line with the mission and duties as defined in the agreement, showing reasonable evidence of the materiality and added value of the services.



BUSINESS ADVISER APPROVAL PROCESS SUMMARY

Business Adviser assignments approval is needed for all new Business Adviser assignments and in case of renewal of existing Business Advisers assignments.

Approval goes through various review gates depending on the conditions of the agreements and the result of the risk assessments.

If the Business Adviser is approved, Compliance Officers prepare a Business Adviser agreement based on a template including an anti-bribery clause.

Payment of Business Advisers invoices is subject to checks and controls including when applicable evidences of work performed by the Business Advisers.