

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

MBDA MISSILE SYSTEMS

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	8/8
2. Internal Controls	6	5/12
3. Support to Employees	7	5/14
4. Conflict of Interest	4	2/8
5. Customer Engagement	6	2/14
6. Supply Chain Management	5	3/10
7. Agents, Intermediaries and Joint Ventures	10	6/20
8. Offsets	4	1/8
9. High Risk Markets	4	2/8
10. State-Owned Enterprises	0	N/A
TOTAL		34/102
BAND		D

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
2
Comments
There is evidence that the company has a publicly stated anti-bribery and corruption statement, which outlines its stance against any form of bribery or corruption within the organisation. It is clear that this statement is authorised and endorsed by the company's CEO.
Evidence
<p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.2] Message from the Chief Executive Officer</p> <p>At the heart of MBDA's strategy to become a global player in the missile and missile systems market, is the commitment to develop our business, in an ever increasing breadth of relationships outside of our domestic countries. This growth entails new challenges and responsibilities, which requires MBDA to operate at the highest standards in how we conduct our business worldwide. A collective behaviour of honesty, integrity and fairness starts with the individual conduct of each of us.</p> <p>The Code of Ethics sets out the ethical principles I expect all of us to follow, regardless of location or role. These principles are not new, but are a more comprehensive version of the statements previously set out in the MBDA Operational Framework. The Code of Ethics is implemented through policies and procedures, both at Group and National level.</p> <p>The Code should help us all determine how to act if we are ever in doubt. It cannot describe every situation and what action to take. However, we are all responsible for our actions. Consequently, I do invite you to read this document carefully and use it as a guide in your daily work.</p> <p>If you do come across anything which you are not sure about because it seems wrong or you need advice, do not hesitate to speak up without fear of reprisal.</p> <p>Our reputation and future business success depend on each of us conducting our business and actions in a responsible way. The Code of Ethics is a tool to meet this goal and sets forth the behaviours expected of each of us. I rely on you to use it.</p> <p>Antoine Bouvier</p> <p>[p.4] We must always comply with competition, antitrust and anti-corruption laws. We strictly adhere to the principles of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions as well as the United Nations Convention Against Corruption.</p> <p>It is our collective and individual responsibility to never engage MBDA in any form of corruption, whether public or private.</p> <p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.4] Statement from the CEO</p> <p>Business Ethics is a subject of crucial importance. For MBDA, as a world leader and global player in the missile and missile systems market, its business activities must be beyond</p>

reproach.

Our Business Ethics Policy has been updated recently and is a continuation of the previously drafted 2009 version. This latest edition consolidates and reinforces our commitment to this important subject and now covers business practices related to Business Advisers, Gifts and Hospitality, Donations and Sponsorship, M&A activities and our Supply Chain.

This policy underlines the principle of responsibility through the clear allocation of roles via Group Procedures. It also calls for the traceability of decisions which must be properly recorded and lays ever more stress on preventing the risk of noncompliance with our business ethics values and obligations.

The publication of this latest Policy enables us to reaffirm MBDA's values: Integrity, Transparency and Honesty. It also offers us the opportunity of making these values better known to our external partners and of making sure that they are understood and shared by all our employees.

Compliance with this Policy is crucial. It forms a key element of our commitment to social responsibility and the strict implementation of its principles and procedures also contributes to our operational excellence and ensures MBDA's sustainability. I'm sure I can rely on you to put these principles into practice in your daily work.

Antoine Bouvier, CEO

[p.5] Taking into consideration the sector and countries in which we operate, and in addition to our business ethics principles, our key business ethics obligations are driven by the relevant applicable laws related to anti-corruption field and the following conventions and guidelines, with a strong focus on anti-bribery:

- The OECD "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions" - signed on 17 December 1997 and entered into force on 15 February 1999 (the "OECD Anti-Bribery Convention");
- The OECD "Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions" - 26 November 2009 (With amendments adopted by Council 18 February 2010 to reflect the inclusion of Annex II, Good Practice Guidance on Internal Controls, Ethics and Compliance);

[14] Code of Ethics – updated (Document)

Accessed 19/05/2020

https://www.mbda-systems.com/wp-content/uploads/2020/03/MBDA-Code-of-Ethics-2020-report_UK.pdf

[p.1] It is MBDA's vision to be the European Missile Systems champion and a global player. This requires MBDA to behave as an industry benchmark for innovation, operational excellence and ethical standards. For each of the company's employees, this results in exemplary behaviour and conduct, while respecting our values:



These values are key to both our current and future success and allow us to create a trustworthy environment both inside the company and with our customers and partners. Our Group Code of Ethics not only sets out MBDA's ethical principles, it also explains how I expect each of you to behave when acting on behalf of our company. Our business must be conducted in strict compliance with the applicable laws related to anti corruption and influence peddling. I encourage each of you, whether facing a situation you are not sure how to deal with, suspecting an act inconsistent with the principles of this Code or you need advice, to speak up openly and without any fear of retaliation. Thank you for your commitment and strict compliance with these principles, which form a key element of our social responsibility and operational excellence, ensuring the sustainability of MBDA. Together, we will continue to make MBDA a company of integrity and responsibility that we are proud to work for.

Éric Béranger, CEO

Question
1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories: a) All employees, including staff and leadership of subsidiaries and other controlled entities; b) All board members, including non-executive directors.
Score
2
Comments
<p>There is evidence that the company publishes an anti-bribery and corruption policy, which specifically prohibits bribery, payments to public officials, commercial bribery, and facilitation payments. The company's policy applies to everyone within the company including those at subsidiaries and controlled entities.</p>
Evidence
<p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf</p> <p>[p.3] The Code of Ethics is the foundation stone of the MBDA Business Ethics Programme. Its purpose is to define principles helping each of us to uphold our commitment to integrity in our daily work. Many of our activities are not governed by laws or regulations, in which case the principle of integrity must govern our conduct.</p> <p>[p.4] We must always comply with competition, antitrust and anti-corruption laws. We strictly adhere to the principles of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions as well as the United Nations Convention Against Corruption.</p> <p>It is our collective and individual responsibility to never engage MBDA in any form of corruption, whether public or private.</p> <p>As a member of the AeroSpace and Defence Industries Association of Europe (ASD), MBDA recognises that the "Common Industry Standards" issued by the ASD reflect good industry practice and adhere to their terms.</p> <p>[p.5] Facilitation payments</p> <p>Facilitation payments are small unofficial payments to low-level public officials to speed up or obtain routine administrative processes. MBDA prohibits such facilitation payments in any country where we operate.</p> <p>[p.11] The Code of Ethics applies to everyone within the company.</p> <p>All employees are expected to assume responsibility for performing their duties with fairness and integrity, to have an understanding of the Code of Ethics and to refer to it regularly, to have a detailed knowledge of those of its provisions that apply specifically to their job and to consult their manager if in doubt.</p> <p>[...]</p> <p>Consequences of violations of MBDA policies and procedures</p> <p>All employees are responsible for ensuring that their conduct and that of those reporting to them fully complies with the Code of Ethics. Violation of the Code may have severe and lasting consequences on MBDA's reputation, business relations and financial situation.</p> <p>[2] Code of Ethics (webpage) Accessed 15/10/2019 https://www.mbda-systems.com/about-us/business-ethics/code-of-ethics/</p> <p>As the corner stone of MBDA's commitment to integrity, the MBDA Code of Ethics clearly sets forth the ethical principles that every employee in the Group is supposed to follow.</p>

The three general principles of the Code are as follows: compliance with laws and regulations; commitment to integrity; and seeking guidance and reporting concerns.

[3] Business Ethics Policy

Accessed 15/10/2019

<https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf>

[p.5] Taking into consideration the sector and countries in which we operate, and in addition to our business ethics principles, our key business ethics obligations are driven by the relevant applicable laws related to anti-corruption field and the following conventions and guidelines, with a strong focus on anti-bribery:

- The OECD “Convention on Combating Bribery of Foreign Public Officials in International Business Transactions” - signed on 17 December 1997 and entered into force on 15 February 1999 (the “OECD Anti-Bribery Convention”);
- The OECD “Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions” - 26 November 2009 (With amendments adopted by Council 18 February 2010 to reflect the inclusion of Annex II, Good Practice Guidance on Internal Controls, Ethics and Compliance);

The major Aerospace and Defence sector initiatives on this matter:

- The ASD “Common Industry Standards for European Aerospace and Defence” approved by the ASD Council in April 2007; and
- The ASD and AIA “Global Principles of Business Ethics for the Aerospace and Defence Industry” - Issue 2nd of October 2009.

[p.7] The Business Ethics Policy is implemented through Group Procedures



Key principles to be implemented in each domain covered by this Policy are given in the following chapters. Wherever necessary, detailed requirements and guidance are provided in the respective Group Procedure.

These Procedures must be strictly observed at all times by all MBDA employees, including executives and Managers.

[p.9] Facilitation payments

As stated in the Code of Ethics, facilitation payments are prohibited by MBDA.

[p.11] Non-Compliance with this policy

Adherence to the Business Ethics Policy and Procedures is mandatory and critical to MBDA's reputation, future business success and sustainability. Breaches will not be tolerated.

Any failure to comply with the Business Ethics Policy and Procedures will lead to appropriate

disciplinary actions, which may include termination of employment, in accordance with applicable laws and regulations and MBDA Human Resources policies.

[p.13] 6.1 National Companies

Within each of these controlled companies, the relevant Managing Director and the Group Director BE&CR are responsible for jointly appointing a suitably qualified or experienced compliance correspondent (hereafter referred to as “National Compliance Officer”).

The National Compliance Officer is in particular responsible for implementing the MBDA Group Business Ethics Policy and Procedures, taking into account:

- ☐ The specific requirements of applicable national legislation if any; and
- ☐ The specificities of the National Company where appropriate;

He or she is also responsible for ensuring the MBDA Group Business Ethics Policy and Procedures are properly implemented in the companies controlled by his or her National Company, with the support of the relevant Compliance Correspondent if one has been appointed (see § 6.2).

He or she is the focal point in his or her National Company for any business ethics and compliance matter.

Detailed roles and responsibilities of National Compliance Officers are described in Group Directorate Business Ethics & Corporate Responsibility organisation note, available in MBDA's intranet.

6.2 Controlled companies

Within those of MBDA 100% controlled companies which are not “National Companies”, top management is, when deemed appropriate by MBDA, responsible for assigning business ethics and compliance management responsibility to a suitably qualified or experienced compliance correspondent, in agreement with MBDA Group Director BE&CR. This function (hereafter referred to as “*Company Compliance Correspondent*”), preferably one individual, may be assigned to an existing position.

The Company Compliance Correspondent is in particular responsible for:

- Implementing the MBDA Business Ethics Policy and Procedures within its company;
- Establishing and implementing, in accordance with relevant national legislation, implementation procedures in its company if appropriate; and
- Keeping National Compliance Officer of MBDA parent company regularly informed and escalating to him or her any issue which may arise.

For controlled companies where MBDA has not full control, the above principles apply subject to agreement with other major shareholders.

6.3 Non-controlled companies

Within each MBDA non-controlled company, governing body and top management are responsible for ensuring that the company has defined and implemented business ethics policies and procedures which are consistent with this Policy, in accordance with the terms of the shareholders' agreement.

These company business ethics policies and procedures shall be communicated to MBDA Business Ethics organisation. They can be audited at any time on MBDA's request.

[p.20] Terms and definitions

[...]

A3.5 Bribery

offering, promising, giving, authorizing, accepting or soliciting of any undue pecuniary or other advantage to, by or for any person, directly or indirectly, in order that the said person act or refrain from acting in breach of his or her duties in order to obtain or retain a business or other improper advantage

[ICC Rules on Combating Corruption (2011 edition) and UNCAC - Adapted]

NOTE 1: Although bribery and corruption (A3.12) are often used indifferently, bribery has a narrower meaning than corruption. Bribery generally does not include other criminal offences such as fraud anti-trust/competition offences and money laundering

NOTE 2: Above definition of bribery applies to a “person” and therefore covers both public officials and individual persons

[5] Business Ethics (webpage)

Accessed 15/10/2019

<https://www.mbda-systems.com/about-us/business-ethics/>

To support this commitment to integrity and help us upholding our commitment to integrity in our daily work, MBDA has defined a set of ethics standards starting with the MBDA Code of Ethics. This is supported by detailed policies and procedures, both at Group and National scale.

These policies and procedures are regularly updated and supplemented. They are mandatory to all MBDA employees, regardless of location or role.

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
2
Comments
<p>There is evidence that the company has a executive-level committee – the Business Ethics Committee (BEC) – that is ultimately responsible for the oversight of the company's anti-bribery and corruption programme. This includes reviewing reports on the programme's performance, along with the results of internal audits, and there is evidence that it has the authority to require that any necessary changes are made.</p>
Evidence
<p>[6] Business Ethics Organisation (webpage) Accessed 15/10/2019 https://www.mbda-systems.com/about-us/business-ethics/ethics-organisation/ BUSINESS ETHICS & CORPORATE RESPONSIBILITY ORGANISATION</p> <p>In order to continue disseminating the high MBDA Business Ethics standards within the whole MBDA Group, MBDA has put in place a dedicated and independent organisation throughout the MBDA Group and each National Company:</p> <ul style="list-style-type: none"> • Overall responsibility and authority for the implementation of the Code of Ethics within the framework of the Business Ethics Policy has been assigned by the MBDA Executive Committee to an ad hoc committee, the Business Ethics Committee. • The MBDA Group Business Ethics & Corporate Responsibility Directorate, is responsible for defining, implementing and maintaining the Business Ethics Policy, under the Business Ethics Committee's authority. It is available at any moment, for any MBDA employee, should guidance, recommendations, clarifications or any help as regards business ethics and compliance be needed. <p>The Group Director Business Ethics & Corporate Responsibility, also acting as Group Compliance Officer, directly reports to the MBDA CEO. He is accountable to the Business Ethics Committee and to MBDA highest reporting structures: the Executive Committee, the Audit Committee and the Board of MBDA. As regards his business ethics mission, he is supported by:</p> <ul style="list-style-type: none"> • A National Compliance Officer in each of MBDA National Companies. • The Group Head of Business Ethics Programme. <p>BUSINESS ETHICS COMMITTEE</p> <p>The Business Ethics Committee is in particular responsible for defining the Business Ethics Policy and Procedures and promoting, overseeing and guaranteeing proper implementation of the MBDA Business Ethics Policy and Procedures within MBDA.</p> <p>Composition of the Business Ethics Committee:</p> <ul style="list-style-type: none"> • Chief Finance Officer • Executive Group Director Sales & Business Development • Group Director Export Sales • Group General Counsel • Group Director Business Ethics & Corporate Responsibility • Group Head of Business Ethics Programme – (Secretary) <p>The Business Ethics Committee takes place every quarter apart from ad hoc meetings.</p> <p>COMPLIANCE BOARD</p>

The Compliance Board is a permanent standing board chaired by the Group Director Business Ethics & Corporate Responsibility. Its role is to ensure proper operating of the Business Ethics & Corporate Responsibility Directorate, promote a “compliance and corporate responsibility culture” within MBDA via training and communication actions and share experience related to local implementation.

Composition of the Compliance Board:

- Group Director Business Ethics & Corporate Responsibility
- National Compliance Officers
- Group Head of Corporate Responsibility
- Group Head of Business Ethics Programme

The Compliance Board meets every quarter apart from ad hoc meetings.

[3] Business Ethics Policy

Accessed 15/10/2019

<https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf>

[p.10] Business Ethics programme monitoring

Adequacy, implementation and effectiveness of the Business Ethics programme, and in particular of the Business Ethics Policy and Procedures, are regularly assessed via internal reviews organized on specific topics as per necessity. Such reviews are led by the Business Ethics organisation and include various attendees depending on the topic dealt with.

In addition, performance of the Business Ethics programme and in particular of the Business Ethics Policy and Procedures is regularly reviewed by the Business Ethics Committee (“BEC” – see § 5.1) and reported to other MBDA governance bodies, such as the Executive Committee, the Audit Committee and the Board of MBDA (see § 5.2.2).

[p.11] 5. Organisation

5.1 Business Ethics Committee

Overall responsibility and authority for the implementation of the Code of Ethics within the framework of this Business Ethics Policy has been assigned by the Executive Committee to an ad hoc committee, the Business Ethics Committee (“BEC”). This includes in particular responsibility for:

- Defining the Business Ethics Policy and Procedures and validating any update before approval; and
- Promoting, overseeing and guaranteeing proper implementation of the MBDA Business Ethics Policy and Procedures within MBDA.

The BEC is composed of senior MBDA executives, specifically designated to achieve the above mission.

5.2 Business Ethics & Corporate Responsibility Directorate

The MBDA Group Directorate Business Ethics & Corporate Responsibility (“BE&CR”), is responsible for defining, implementing and maintaining the Business Ethics Policy, under BEC’s authority.

To ensure proper independence, the Group Director Business Ethics & Corporate Responsibility, also acting as Group Compliance Officer (“GCO”) directly reports to the CEO; he or she has the appropriate status and level of authority to execute countervailing power and is accountable to the BEC and MBDA highest reporting structures: the Executive Committee, the Audit Committee and the Board of MBDA.

To successfully fulfil its mission as regards Business Ethics, the Group Director BE&CR is supported by suitably qualified or experienced resources including:

- A National Compliance Officer in each of MBDA National Companies;
- The Group Head of Business Ethics Programme; and
- Additional Compliance Correspondents, appointed where appropriate in other MBDA Group companies (see § 6).

5.2.1 Business Ethics & Corporate Responsibility Directorate's main roles and Responsibilities

The Group Director BE&CR is responsible for:

- Defining, establishing and maintaining the MBDA Group Business Ethics Policy and Procedures in accordance with international and national applicable laws and regulations and best practices in the domain;
- Organizing and leading the Business Ethics Committee's activities, in accordance with Chairperson(s) and BEC Terms of Reference;
- Promoting a compliance culture within MBDA via appropriate communication actions; And
- Establishing and leading the network of Compliance representatives within MBDA.

Detailed roles and responsibilities of National Compliance Officers, Group Head of Business Ethics Programme and Compliance Correspondents in MBDA companies are described in Group Directorate Business Ethics & Corporate Responsibility organisation note, available in MBDA's intranet.

The Group Directorate BE&CR are at any employees' disposal to provide guidance, recommendations, clarifications and answer any question or concern as regards business ethics and compliance.

5.2.2 Reporting to governance bodies

Reporting to the MBDA governance bodies on business ethics and compliance matters is ensured on an ongoing basis by the Group Director BE&CR as follows:

- To the Business Ethics Committee on a quarterly basis
- To the Executive Committee twice a year
- To the Audit Committee twice a year
- To the Board of MBDA on demand

The Group Director BE&CR is a permanent guest of the Audit Committee.

[p.18] App.2 BEC Terms of Reference

A2.1 Mission

The Business Ethics Committee ("BEC") is a dedicated corporate committee which has been assigned by the Executive Committee overall responsibility and authority for the implementation of the Code of Ethics within the framework of this Business Ethics Policy. This includes issuing appropriate recommendations and disseminating the high MBDA business ethics standards on a continuing basis within the whole MBDA Group

A2.2 Structure

In order to fulfil its mission, the BEC is composed as follows (permanent members):

- ☐ The Chief Finance Officer;
- ☐ The Executive Group Director Sales and Business Development;
- ☐ The Group Director Export Sales;
- ☐ The Group General Counsel;
- ☐ The Group Director Business Ethics & Corporate Responsibility ("BE&CR"); and
- ☐ The Group Head of Business Ethics Programme (Secretary).

By invitation: Other functions when a matter of interest or concern to them is addressed.

Chairman of the BEC is designated by the Executive Committee amongst BEC members.

A2.3 Responsibilities

Within the framework of the general mission defined above, the BEC's key responsibilities are as follows:

A2.3.1 Business Ethics Committee

The Business Ethics Committee is responsible for:

- ☐ With respect to the Business Ethics Policy and Procedures:
 - o Defining the Business Ethics Policy and Procedures and validating any update before approval;
 - o Promoting, overseeing and guaranteeing proper implementation of the MBDA Business Ethics Policy and Procedures within MBDA;
 - o Handling any potential issue deriving there from.

- ☐ With respect to the alert system and the management of allegations:

- o The Group Director Business Ethics & Corporate Responsibility is responsible for reporting to the BEC any allegation falling into the BEC's scope;
- o The BEC is kept informed of any evolution of the related procedure.

In addition, the BEC is responsible for:

- ☐ Ensuring the Code of Ethics is maintained and fully disseminated throughout the whole MBDA Group;
- ☐ Reviewing recommendations coming from internal and/or external audits and taking appropriate related actions.

[p.19] A2.3.2 Chairman

Chairman of the BEC is responsible for:

- ☐ Approving the agenda of the BEC upon proposal by the Group Director BE&CR;
- ☐ Leading the BEC meetings and proposing resolutions on discussed issues; such resolutions shall then be approved by the committee; and
- ☐ Approving the minutes of each BEC meeting which shall be prepared by the BEC secretary.

A2.4 Operating principles

As a basis, the BEC holds quarterly meetings. However, an additional BEC meeting can be called at any time by one of its members to deal with a specific urgent subject.

Reporting to MBDA governance bodies on Business Ethics and Compliance matters is ensured by the Group Director BE&CR in accordance with the Business Ethics Policy (see § 5.2.2).

[15] Business Ethics Policy – updated (Document)

Accessed 19/05/2020

<https://www.mbda-systems.com/wp-content/uploads/2020/03/Business-Ethics-Policy.pdf>

[p.11] 5.1 Business Ethics Committee

Overall responsibility and authority for the implementation of the Code of Ethics within the framework of this Business Ethics Policy has been assigned by the Executive Committee to an ad hoc committee, the Business Ethics Committee ("BEC"). This includes in particular responsibility for:

- Defining the Business Ethics Policy and Procedures and validating any update before approval; and
- Promoting, overseeing and guaranteeing proper implementation of the MBDA Business Ethics Policy and Procedures within MBDA. The BEC is composed of senior MBDA executives, specifically designated to achieve the above mission.

5.2 Business Ethics & Corporate Responsibility Directorate

The MBDA Group Directorate Business Ethics & Corporate Responsibility ("BE&CR"), is responsible for defining, implementing and maintaining the Business Ethics Policy, under BEC's authority.

To ensure proper independence, the Group Director Business Ethics & Corporate Responsibility, also acting as Group Compliance Officer ("GCO") directly reports to the CEO; he or she has the appropriate status and level of authority to execute countervailing power and is accountable to the BEC and MBDA highest reporting structures: the Executive Committee, the Audit Committee and the Board of MBDA.

To successfully fulfil its mission as regards Business Ethics, the Group Director BE&CR is supported by suitably qualified or experienced resources including:

- A National Compliance Officer in each of MBDA National Companies;

- The Group Head of Business Ethics Programme; and
- Additional Compliance Correspondents, appointed where appropriate in other MBDA Group companies (see §6).

[p.12] 5.2.2 Reporting to governance bodies

Reporting to the MBDA governance bodies on business ethics and compliance matters is ensured on an ongoing basis by the Group Director BE&CR as follows:

- To the Business Ethics Committee on a quarterly basis
- To the Executive Committee twice a year
- To the Audit Committee twice a year
- To the Board of MBDA on demand The Group Director BE&CR is a permanent guest of the Audit Committee.

[p.18] The Business Ethics Committee (“BEC”) is a dedicated corporate committee which has been assigned by the Executive Committee overall responsibility and authority for the implementation of the Code of Ethics within the framework of this Business Ethics Policy. This includes issuing appropriate recommendations and disseminating the high MBDA business ethics standards on a continuing basis within the whole MBDA Group

Question
1.4. Is responsibility for implementing and managing the company's anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company's programme?
Score
2
Comments
<p>There is evidence that a designated senior executive – the Group Director Business Ethics & Corporate Responsibility, also referred to as the Group Compliance Officer – has ultimate responsibility for implementing and managing the anti-bribery and corruption programme. This individual has a direct reporting line to the Business Ethics Committee. There is evidence of reporting and feedback activities between this person and the committee as part of the company's reporting structure, through the attendance and participation at committee meetings on at least a quarterly basis.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.11] 5. Organisation</p> <p>5.1 Business Ethics Committee</p> <p>Overall responsibility and authority for the implementation of the Code of Ethics within the framework of this Business Ethics Policy has been assigned by the Executive Committee to an ad hoc committee, the Business Ethics Committee ("BEC"). This includes in particular responsibility for:</p> <ul style="list-style-type: none"> • Defining the Business Ethics Policy and Procedures and validating any update before approval; and • Promoting, overseeing and guaranteeing proper implementation of the MBDA Business Ethics Policy and Procedures within MBDA. <p>The BEC is composed of senior MBDA executives, specifically designated to achieve the above mission.</p> <p>5.2 Business Ethics & Corporate Responsibility Directorate</p> <p>The MBDA Group Directorate Business Ethics & Corporate Responsibility ("BE&CR"), is responsible for defining, implementing and maintaining the Business Ethics Policy, under BEC's authority.</p> <p>To ensure proper independence, the Group Director Business Ethics & Corporate Responsibility, also acting as Group Compliance Officer ("GCO") directly reports to the CEO; he or she has the appropriate status and level of authority to execute countervailing power and is accountable to the BEC and MBDA highest reporting structures: the Executive Committee, the Audit Committee and the Board of MBDA.</p> <p>To successfully fulfil its mission as regards Business Ethics, the Group Director BE&CR is supported by suitably qualified or experienced resources including:</p> <ul style="list-style-type: none"> • A National Compliance Officer in each of MBDA National Companies; • The Group Head of Business Ethics Programme; and • Additional Compliance Correspondents, appointed where appropriate in other MBDA Group companies (see § 6). <p>5.2.1 Business Ethics & Corporate Responsibility Directorate's main roles and Responsibilities</p> <p>The Group Director BE&CR is responsible for:</p> <ul style="list-style-type: none"> • Defining, establishing and maintaining the MBDA Group Business Ethics Policy and • Procedures in accordance with international and national applicable laws and regulations and best practices in the domain;

- Organizing and leading the Business Ethics Committee's activities, in accordance with Chairperson(s) and BEC Terms of Reference;
- Promoting a compliance culture within MBDA via appropriate communication actions; And
- Establishing and leading the network of Compliance representatives within MBDA.

Detailed roles and responsibilities of National Compliance Officers, Group Head of Business Ethics Programme and Compliance Correspondents in MBDA companies are described in Group Directorate Business Ethics & Corporate Responsibility organisation note, available in MBDA's intranet.

The Group Directorate BE&CR are at any employees' disposal to provide guidance, recommendations, clarifications and answer any question or concern as regards business ethics and compliance.

5.2.2 Reporting to governance bodies

Reporting to the MBDA governance bodies on business ethics and compliance matters is ensured on an ongoing basis by the Group Director BE&CR as follows:

- To the Business Ethics Committee on a quarterly basis
- To the Executive Committee twice a year
- To the Audit Committee twice a year
- To the Board of MBDA on demand

The Group Director BE&CR is a permanent guest of the Audit Committee.

[p.18] App.2 BEC Terms of Reference

A2.1 Mission

The Business Ethics Committee ("BEC") is a dedicated corporate committee which has been assigned by the Executive Committee overall responsibility and authority for the implementation of the Code of Ethics within the framework of this Business Ethics Policy. This includes issuing appropriate recommendations and disseminating the high MBDA business ethics standards on a continuing basis within the whole MBDA Group

A2.2 Structure

In order to fulfil its mission, the BEC is composed as follows (permanent members):

- ☐ The Chief Finance Officer;
- ☐ The Executive Group Director Sales and Business Development;
- ☐ The Group Director Export Sales;
- ☐ The Group General Counsel;
- ☐ The Group Director Business Ethics & Corporate Responsibility ("BE&CR"); and
- ☐ The Group Head of Business Ethics Programme (Secretary).

By invitation: Other functions when a matter of interest or concern to them is addressed.

Chairman of the BEC is designated by the Executive Committee amongst BEC members.

A2.3 Responsibilities

Within the framework of the general mission defined above, the BEC's key responsibilities are as follows:

A2.3.1 Business Ethics Committee

The Business Ethics Committee is responsible for:

- ☐ With respect to the Business Ethics Policy and Procedures:
 - o Defining the Business Ethics Policy and Procedures and validating any update before approval;
 - o Promoting, overseeing and guaranteeing proper implementation of the MBDA Business Ethics Policy and Procedures within MBDA;
 - o Handling any potential issue deriving there from.

- ☐ With respect to the alert system and the management of allegations:

- o The Group Director Business Ethics & Corporate Responsibility is responsible for reporting to the BEC any allegation falling into the BEC's scope;
- o The BEC is kept informed of any evolution of the related procedure.

In addition, the BEC is responsible for:

- ☐ Ensuring the Code of Ethics is maintained and fully disseminated throughout the whole MBDA Group;
- ☐ Reviewing recommendations coming from internal and/or external audits and taking appropriate related actions.

[p.19] A2.3.2 Chairman

Chairman of the BEC is responsible for:

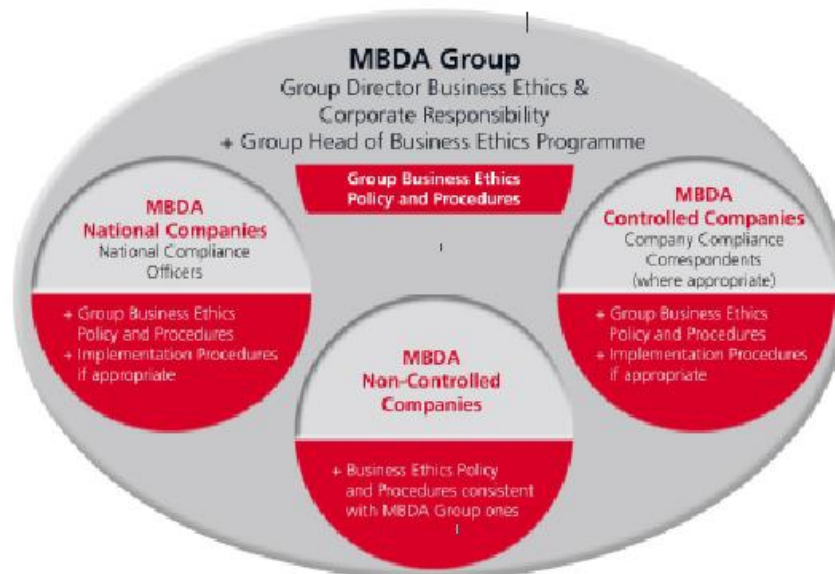
- ☐ Approving the agenda of the BEC upon proposal by the Group Director BE&CR;
- ☐ Leading the BEC meetings and proposing resolutions on discussed issues; such resolutions shall then be approved by the committee; and
- ☐ Approving the minutes of each BEC meeting which shall be prepared by the BEC secretary.

A2.4 Operating principles

As a basis, the BEC holds quarterly meetings. However, an additional BEC meeting can be called at any time by one of its members to deal with a specific urgent subject.

Reporting to MBDA governance bodies on Business Ethics and Compliance matters is ensured by the Group Director BE&CR in accordance with the Business Ethics Policy (see § 5.2.2).

IMPLEMENTATION IN COMPANIES



[p.13] National Companies

Within each of these controlled companies, the relevant Managing Director and the Group Director BE&CR are responsible for jointly appointing a suitably qualified or experienced compliance correspondent (hereafter referred to as "National Compliance Officer")⁴.

The National Compliance Officer is in particular responsible for implementing the MBDA Group Business Ethics Policy and Procedures, taking into account:

- The specific requirements of applicable national legislation if any; and
- The specificities of the National Company where appropriate;

He or she is also responsible for ensuring the MBDA Group Business Ethics Policy and Procedures are properly implemented in the companies controlled by his or her National Company, with the support of the relevant Compliance Correspondent if one has been appointed (see § 6.2).

He or she is the focal point in his or her National Company for any business ethics and compliance matter.

Detailed roles and responsibilities of National Compliance Officers are described in Group Directorate Business Ethics & Corporate Responsibility organisation note, available in MBDA's intranet.

[6] Business Ethics Organisation (webpage)

Accessed 15/10/2019

<https://www.mbda-systems.com/about-us/business-ethics/ethics-organisation/>

BUSINESS ETHICS & CORPORATE RESPONSIBILITY ORGANISATION

In order to continue disseminating the high MBDA Business Ethics standards within the whole MBDA Group, MBDA has put in place a dedicated and independent organisation throughout the MBDA Group and each National Company:

- Overall responsibility and authority for the implementation of the Code of Ethics within the framework of the Business Ethics Policy has been assigned by the MBDA Executive Committee to an ad hoc committee, the Business Ethics Committee.
- The MBDA Group Business Ethics & Corporate Responsibility Directorate, is responsible for defining, implementing and maintaining the Business Ethics Policy, under the Business Ethics Committee's authority. It is available at any moment, for any MBDA employee, should guidance, recommendations, clarifications or any help as regards business ethics and compliance be needed.

The Group Director Business Ethics & Corporate Responsibility, also acting as Group Compliance Officer, directly reports to the MBDA CEO. He is accountable to the Business Ethics Committee and to MBDA highest reporting structures: the Executive Committee, the Audit Committee and the Board of MBDA. As regards his business ethics mission, he is supported by:

- A National Compliance Officer in each of MBDA National Companies.
- The Group Head of Business Ethics Programme.

BUSINESS ETHICS COMMITTEE

The Business Ethics Committee is in particular responsible for defining the Business Ethics Policy and Procedures and promoting, overseeing and guaranteeing proper implementation of the MBDA Business Ethics Policy and Procedures within MBDA.

Composition of the Business Ethics Committee:

- Chief Finance Officer
- Executive Group Director Sales & Business Development
- Group Director Export Sales
- Group General Counsel
- Group Director Business Ethics & Corporate Responsibility
- Group Head of Business Ethics Programme – (Secretary)

The Business Ethics Committee takes place every quarter apart from ad hoc meetings.

COMPLIANCE BOARD

The Compliance Board is a permanent standing board chaired by the Group Director Business Ethics & Corporate Responsibility. Its role is to ensure proper operating of the Business Ethics & Corporate Responsibility Directorate, promote a "compliance and corporate responsibility culture" within MBDA via training and communication actions and share experience related to local implementation.

Composition of the Compliance Board:

- Group Director Business Ethics & Corporate Responsibility
- National Compliance Officers
- Group Head of Corporate Responsibility
- Group Head of Business Ethics Programme

The Compliance Board meets every quarter apart from ad hoc meetings.

[4] Business Ethics Policy (webpage)

Accessed 15/10/2019

<https://www.mbda-systems.com/about-us/business-ethics/business-ethics-policy/>

To make ethics and compliance an integral part of MBDA culture, a specific Business Ethics Policy has been published and recently updated. MBDA Group Director Business Ethics & Corporate Responsibility, Jacques Matamoros, explains why.

WHY DO WE ISSUE A NEW BUSINESS ETHICS POLICY TODAY?


MBDA is committed to regularly update its Business Ethics Policy. Our current Policy was issued in October 2009. Since then our environment has moved, our organisation has evolved and we had to take all this into account.

[...]

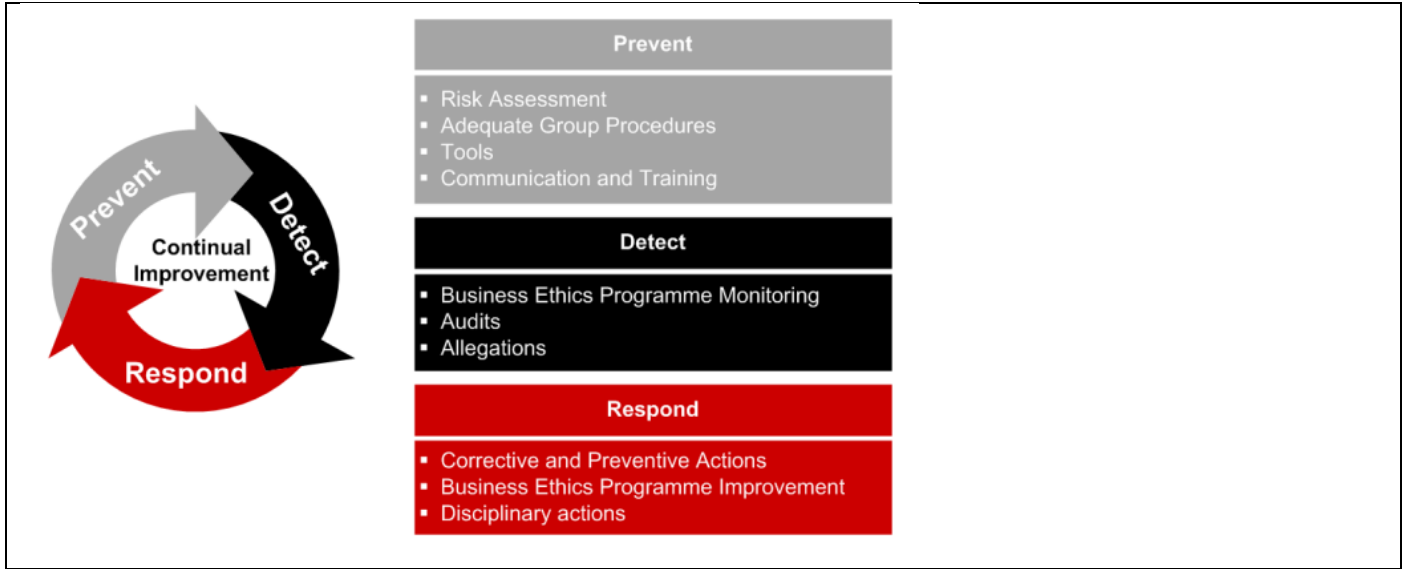
IS THIS WHY MBDA HAS RECENTLY DECIDED TO MERGE ITS BUSINESS ETHICS & COMPLIANCE AND CORPORATE RESPONSIBILITY DIRECTORATES INTO A WHOLE ENTITY?

Absolutly it is. Development and maturity of both activities led to this decision. This allows each organization to benefit from each other and creates opportunities for integrating ethical, social, economic and environmental considerations more effectively into our policies and activities.

2. Internal Controls

Question						
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?						
Score						
2						
Comments						
<p>There is evidence that the company has a formal bribery and corruption risk assessment procedure that informs the design of its anti-corruption and bribery programme. The company indicates that it conducts risk assessments on an ongoing basis and in response to any major changes in the regulatory environment.</p>						
Evidence						
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.7] Risk assessment</p> <p>Risk assessment constitutes the basis for the implementation of our Business Ethics programme by helping us focusing on high compliance risk situations and setting priorities. It also helps planning allocation of appropriate and adequate resources and processes to manage identified compliance risks.</p> <p>Compliance risks are analysed by considering causes and sources of noncompliance and the severity of their consequences (potential impact), as well as the likelihood that noncompliance and associated consequences can occur (probability of occurrence).</p> <p>The compliance 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.</p> <p>[4] Business Ethics Policy (webpage) Accessed 15/10/2019 https://www.mbda-systems.com/about-us/business-ethics/business-ethics-policy/ To fulfill the objectives of its Policy, MBDA has implemented a Business Ethics Programme, structured in 3 phases:</p> <ul style="list-style-type: none"> • PREVENTING the risk of noncompliance with our business ethics obligations. • DETECTING any failure to implement our Group Procedures or any breach of our business ethics. • RESPONDING effectively to any identified weakness of Group Procedures or any violation of business ethics. <div style="display: flex; align-items: center;">  <div style="margin-left: 20px;"> <table border="1"> <thead> <tr> <th>Prevent</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> ▪ Risk Assessment ▪ Adequate Group Procedures ▪ Tools ▪ Communication and Training </td> </tr> <tr> <th>Detect</th> </tr> <tr> <td> <ul style="list-style-type: none"> ▪ Business Ethics Programme Monitoring ▪ Audits ▪ Allegations </td> </tr> <tr> <th>Respond</th> </tr> <tr> <td> <ul style="list-style-type: none"> ▪ Corrective and Preventive Actions ▪ Business Ethics Programme Improvement ▪ Disciplinary actions </td> </tr> </tbody> </table> </div> </div>	Prevent	<ul style="list-style-type: none"> ▪ Risk Assessment ▪ Adequate Group Procedures ▪ Tools ▪ Communication and Training 	Detect	<ul style="list-style-type: none"> ▪ Business Ethics Programme Monitoring ▪ Audits ▪ Allegations 	Respond	<ul style="list-style-type: none"> ▪ Corrective and Preventive Actions ▪ Business Ethics Programme Improvement ▪ Disciplinary actions
Prevent						
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Detect						
<ul style="list-style-type: none"> ▪ Business Ethics Programme Monitoring ▪ Audits ▪ Allegations 						
Respond						
<ul style="list-style-type: none"> ▪ Corrective and Preventive Actions ▪ Business Ethics Programme Improvement ▪ Disciplinary actions 						

Question
2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?
Score
1
Comments
<p>The company states that its Group Internal Audit function conducts regular reviews of its business ethics programme. The results are reviewed by the Business Ethics Committee, with the findings used to update the company's programme.</p> <p>However, the company receives a score of '1' because it is not clear from publicly available evidence show frequently audits are conducted and whether they take place at least every two years.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.10] Audits</p> <p>As for all MBDA processes, the Group Internal Audit ensures an efficient and regular control of the Business Ethics Policy and Procedures and proposes potential process upgrades to address possible weaknesses.</p> <p>Specific audits can also be requested to be performed at any time by the BEC or the Group Director Business Ethics & Corporate Responsibility. Such request shall be approved in accordance with MBDA relevant procedures.</p> <p>[...]</p> <p>Finally, the Business Ethics Policy and Procedures will be regularly updated to take into consideration the most recent relevant changes both at national and international level, new business challenges and international best practices in the field of ethics and compliance, as well as any relevant circumstances justifying such amendment, including circumstances such as actual or alleged instances of corruption. The BEC shall validate any update of the Business Ethics Policy and Procedures.</p> <p>[p.18] App.2 BEC Terms of Reference</p> <p>A2.1 Mission</p> <p>The Business Ethics Committee ("BEC") is a dedicated corporate committee which has been assigned by the Executive Committee overall responsibility and authority for the implementation of the Code of Ethics within the framework of this Business Ethics Policy.</p> <p>In addition, the BEC is responsible for:</p> <p>[...]</p> <p><input type="checkbox"/> Reviewing recommendations coming from internal and/or external audits and taking appropriate related actions.</p> <p>[4] Business Ethics Policy (webpage) Accessed 15/10/2019 https://www.mbda-systems.com/about-us/business-ethics/business-ethics-policy/</p> <p>To fulfill the objectives of its Policy, MBDA has implemented a Business Ethics Programme, structured in 3 phases:</p> <ul style="list-style-type: none"> • PREVENTING the risk of noncompliance with our business ethics obligations. • DETECTING any failure to implement our Group Procedures or any breach of our business ethics. • RESPONDING effectively to any identified weakness of Group Procedures or any violation of business ethics.



Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
2
Comments
<p>There is evidence that the company publicly commits to investigating incidents and that it has a specific procedure in place to deal with whistleblowing cases. The company indicates that allegations may be reported to the Business Ethics Committee, although it is unclear whether this committee reviews summary information for all investigations. There is evidence that the company takes steps to ensure the independence of its investigations.</p> <p>The company commits to putting in place remediation plans and reporting investigative findings to senior management and the board. For whistleblowing cases, there is a procedure in place that stipulates documentation and actions to be taken at every step of the case, from receipt to final outcome, and the company commits to ensure whistleblowers are informed of the outcome. In addition, there is evidence that a central body is responsible for reviewing investigations.</p>
Evidence
<p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.3] Seeking guidance and reporting concerns</p> <p>The Code of Ethics cannot cover every situation that we may face within our everyday role. We may find ourselves faced with a dilemma that we are not sure how to resolve.</p> <p>There are a number of ways that we can seek advice and support.</p> <p>We can contact our immediate manager, someone else in our management structure, our Human Resources department, our Legal department or Compliance Officers.</p> <p>In addition, if after having received the necessary advice and/or clarifications mentioned above you have any reason to believe that a violation of the Code or other improper conduct has occurred, you are encouraged to report your concerns by sending an email to "report-allegations@mbda-systems.com".</p> <p>Your concern will be treated seriously and fairly and your identity will remain confidential.</p> <p>We must not let any concerns go unresolved.</p> <p>No reprisal will be tolerated against employees making such a report in good faith.</p> <p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.10] Allegations</p> <p>Similarly, one channel for detecting any breach of our business ethics principles or consequently any weakness in our Business Ethics programme is allegations, regardless of how they are raised. Any such allegation shall be dealt with in accordance with the dedicated Group process and appropriate actions undertaken depending on the outcomes (see § 4.3.1).</p> <p>4.3 Respond</p> <p>4.3.1 Evaluation, maintenance and continual improvement</p>

Any breaches or weaknesses highlighted thanks to the detection phase, whether reported, detected or reasonably suspected, shall be appropriately analysed. Appropriate corrective and/or preventive actions shall then be undertaken, thus enabling to improve our Business Ethics programme and preventing repetition of failure.

[p.18] App.2 BEC Terms of Reference

A2.1 Mission

The Business Ethics Committee ("BEC") is a dedicated corporate committee which has been assigned by the Executive Committee overall responsibility and authority for the implementation of the Code of Ethics within the framework of this Business Ethics Policy.

[...]

- ☐ With respect to the alert system and the management of allegations:
 - o The Group Director Business Ethics & Corporate Responsibility is responsible for reporting to the BEC any allegation falling into the BEC's scope;
 - o The BEC is kept informed of any evolution of the related procedure.

[16] Management of Allegations Process (Document)

Accessed 19/05/2020

<https://www.mbda-systems.com/wp-content/uploads/2020/03/Management-of-Allegations-Process.pdf>

[p.4] III. GENERAL OVERVIEW

III.1 SCOPE OF INVESTIGATIONS

The scope of investigations is to:

- understand and establish facts,
- identify potential liabilities,
- evaluate the consequences, and
- control the situation

[...]

III.2.2 Confidentiality

In case of an Allegation, the person making the Allegation will have to identify themselves when reporting the Allegation as stipulated in the MBDA Code of Ethics. (see 2.4 below)

While maintaining the confidentiality of the identity of the person making the Allegation, the process shall ensure that, when the Allegation is logged and processed, only the data and information required for the verification and processing of the Allegation are disclosed to the investigation team on a strict need to know basis.

Any person associated with the investigation of an Allegation must undertake to comply with an increased confidentiality obligation, not to use the data and information for other purposes, to comply with the limited storage time for such data and information and to destroy and return said data and information in accordance with this process, in accordance with local laws .

All reports will be kept confidential, to the extent possible, consistent with the need to conduct a thorough and effective investigation, or as required by law or court proceedings.

[p.5] Records of the investigation will be secured in a manner consistent with the safe keeping of the sensitive and confidential information of the company. The access to the registry of Allegations is limited to the CEO, the Head of the Legal Department of MBDA Group and the Group HR Director.

No personal data collected pursuant to an internal investigation shall be transferred or otherwise disclosed outside the EU.

[...]

III-2.4. Collection of alerts and reporting

Allegations will be collected through a dedicated email reporting system. Employees are encouraged to report Allegations on a non-mandatory basis by sending an email to report-allegations@mbda-systems.com. The access to such dedicated alert email box will be granted only to the Head of the Human Resources Department of the relevant Natco4 and to the Process Owner (see III-3.3 below) and the Group HR Director for the purpose of determining the nature of the Allegation (see IV-2.1 below). Allegations reported in a different manner shall be reviewed jointly by the Process Owner and the Group Human Resources Director for the same purpose. Any

manager who would be informed of any Allegation shall transmit such an Allegation to the Head of the Legal Department of MBDA Group and the Group HR Director.

[...]

III-2.6. Communication and feedback

Any person involved in an Allegation will be informed as soon as the decision to investigate the Allegation is taken, in order to allow such person to exercise his/her rights, including defense rights.

However, the Process Owner and the Core Team (as defined in article III-3.1 below) investigating the Allegation have the right to take protective measures, for example those measures necessary to prevent the destruction of evidence relevant to the Allegation, prior to notifying the involved person.

The following information, in particular, will be provided to all persons targeted by an Allegation:

[p.6] • a copy of these rules, which govern the MBDA procedure for management of Allegations and mention the persons responsible for such MBDA procedure,

- the Allegation(s) made against them,
- the list of any departments that have been informed of the reported Allegation,
- the terms and conditions for exercising their access to data and amendment rights.

Persons targeted by reported Allegations may under no circumstances obtain disclosure of the identity of the person making the Allegation.

The Core Team can respond and communicate with the person who made the Allegation.

The Process Owner and/or the Head of the Human Resources Department of the relevant Natco will provide feedback as soon as possible to the person making the Allegation.

III-2.7. Record management

Information provided in connection with an Allegation that is deemed to be unfounded or immaterial, will be destroyed without delay from the decision not to investigate.

Information provided/collected in connection with an Allegation that has been deemed material will not be retained for a period exceeding two months from the date when the investigation procedures ended, except in cases in which a disclosure to external authorities has been made, or disciplinary and/or judicial proceedings have been brought against the involved person or any third person. In such event, the relevant information shall be retained until the end of such proceedings. After this time period, the information will be archived in compliance with the MBDA Document Retention Policy.

[p.9] IV-2.2 Pre-investigation rules and findings

The Head of the HR Department of the relevant Natco who reviews the Allegation shall complete a preinvestigation report (a template is provided in annex). Such pre-investigation factual report shall be reviewed by the Process Owner and by the Group HR Director to determine the nature of the Allegation. Preinvestigation work shall be performed on a timely basis in consideration of the urgency and materiality of the reported Allegation.

It is important that such work is conducted in a confidential manner and does not compromise any potential future investigation.

The scope of this report is the initial classification of the Allegation either as Critical Allegation or as Operational Allegation.

In the event the Allegation is not a Critical Allegation, the decision not to investigate or to have the Operational Allegation treated by the management or by HR shall be documented by the Process Owner and the Head of the Human Resources Department of the relevant Natco¹¹ who will inform the MD of the relevant Natco and the management of the person making the Allegation, where appropriate.

[p.10] IV-2.3 Investigation allocation

The Core Team has to define the appropriate investigation resources' allocation by the appointment of the Investigation Team. In some cases, the Investigation Team may be identical to the Core Team.

Members of the Core Team and the Investigation Team will sign an undertaking of reinforced confidentiality (a template is provided in annex).

The Investigation Team shall be suitably staffed in accordance with the complexity of the investigation, and, given the likely sensitivity of Allegations, its number shall be kept to the minimum by the Core Team.

It has to be suitably independent, competent, trained ad hoc if necessary, and have the appropriate authority to manage the investigation. The Investigation Team will manage the investigation in accordance with local laws where applicable.

The Core Team can decide to use external skills, such as accounting forensic or external lawyers.

IV-3 INVESTIGATION

IV-3.1 Investigation planning

Investigations need to be planned carefully to perform tasks on a timely basis and in the right order, otherwise important information might be lost or compromised.

To help in developing a plan, the Investigation Team will establish the means of the investigation that must be approved by the Core Team.

Investigations must be split into phases and each step must be planned taking into account the findings of the previous phase.

Some investigations could lead to legal proceedings and be scrutinized by relevant external authorities: all communications shall demonstrate the objectiveness and professionalism of the investigation performed. It is vitally important that investigations take into account factors specific to the location and context of Allegations including local laws.

Insofar as an Allegation relates to a possible breach of a "Compliance" policy (MBDA Business Ethics Policy and Procedure, Policy and Procedures concerning Gifts & Hospitality, Donations), the BEC shall have an overview over the Core Team investigations.

[p.12] IV-4.4 Feedback

Upon the conclusion of the investigation, the Process Owner and the Head of the Human Resources Department of the relevant Natco shall provide feedback on the findings of investigation to the person making the Allegation.

The person making the Allegation shall be asked whether he or she is satisfied and to indicate whether he or she has been victimized after reporting the Allegation.

IV-4.5 Archiving

Documents shall be stored securely by the Process Owner and kept in compliance with legal requirements on documents retention and this process.

V-5 REPORTING

IV-5.1 Allegation management reporting

The Process Owner is responsible for reporting regularly to the EC the status of Allegations as recorded in the Allegation registry.

IV-5.2 Audit committee/board reporting

According to the investigation findings, reporting to the Audit Committee and the Board will be done as appropriate in a timely manner.

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
0
Comments
<p>There is no evidence that the company assures itself of the quality of its incident investigations and whistleblower cases. While the Business Ethics Committee is kept informed of evolutions in the company's procedures for handling investigations, it is not clear whether these procedures are reviewed at least every three years. There is no evidence that staff conducting investigations are properly trained and qualified, nor is it clear that the company has a procedure in place to handle complaints about the investigation process.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.10] Allegations</p> <p>Similarly, one channel for detecting any breach of our business ethics principles or consequently any weakness in our Business Ethics programme is allegations, regardless of how they are raised. Any such allegation shall be dealt with in accordance with the dedicated Group process and appropriate actions undertaken depending on the outcomes (see § 4.3.1).</p> <p>4.3 Respond</p> <p>4.3.1 Evaluation, maintenance and continual improvement</p> <p>Any breaches or weaknesses highlighted thanks to the detection phase, whether reported, detected or reasonably suspected, shall be appropriately analysed. Appropriate corrective and/or preventive actions shall then be undertaken, thus enabling to improve our Business Ethics programme and preventing repetition of failure.</p> <p>[p.18] App.2 BEC Terms of Reference</p> <p>A2.1 Mission</p> <p>The Business Ethics Committee ("BEC") is a dedicated corporate committee which has been assigned by the Executive Committee overall responsibility and authority for the implementation of the Code of Ethics within the framework of this Business Ethics Policy.</p> <p>[...]</p> <p><input type="checkbox"/> With respect to the alert system and the management of allegations:</p> <ul style="list-style-type: none"> o The Group Director Business Ethics & Corporate Responsibility is responsible for reporting to the BEC any allegation falling into the BEC's scope; o The BEC is kept informed of any evolution of the related procedure.

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
0
Comments
<p>There is no evidence that the company commits to reporting material findings of bribery and corruption to the board, although there is some evidence that a managerial committee receives reports on allegations. There is also no evidence that the company publicly commits to reporting material findings to the relevant authorities, nor that it has an appropriate senior individual who would be responsible for evaluating such decisions.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf</p> <p>[p.10] Any breaches or weaknesses highlighted thanks to the detection phase, whether reported, detected or reasonably suspected, shall be appropriately analysed. Appropriate corrective and/or preventive actions shall then be undertaken, thus enabling to improve our Business Ethics programme and preventing repetition of failure.</p> <p>[p.11] 5.2.2 Reporting to governance bodies</p> <p>Reporting to the MBDA governance bodies on business ethics and compliance matters is ensured on an ongoing basis by the Group Director BE&CR as follows:</p> <ul style="list-style-type: none"> • To the Business Ethics Committee on a quarterly basis • To the Executive Committee twice a year • To the Audit Committee twice a year • To the Board of MBDA on demand <p>The Group Director BE&CR is a permanent guest of the Audit Committee.</p> <p>[p.18] App.2 BEC Terms of Reference</p> <p>A2.1 Mission</p> <p>The Business Ethics Committee ("BEC") is a dedicated corporate committee which has been assigned by the Executive Committee overall responsibility and authority for the implementation of the Code of Ethics within the framework of this Business Ethics Policy.</p> <p>[...]</p> <p><input type="checkbox"/> With respect to the alert system and the management of allegations:</p> <ul style="list-style-type: none"> o The Group Director Business Ethics & Corporate Responsibility is responsible for reporting to the BEC any allegation falling into the BEC's scope; o The BEC is kept informed of any evolution of the related procedure.

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption investigations, or any associated disciplinary actions involving its employees.
Evidence
No evidence found.

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
1
Comments
<p>There is evidence that the company provides training for its employees that outlines the basic principles of its anti-bribery and corruption policy, including the whistleblowing options. The company indicates that this training is provided to all employees.</p> <p>However, the company receives a score of '1' because it is not clear how frequently this training takes place or whether employees are required to undertake refresher courses at least every three years.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.10] Communication and training</p> <p>The Business Ethics Policy is communicated to all MBDA employees, including executives and managers, and is available on MBDA's intranet. It is also published on MBDA's public website.</p> <p>To support continuous awareness and ensure common compliance culture throughout the Group, key information relating to business ethics and compliance is directly available to all MBDA employees in our domestic countries via a dedicated section of our intranet. Additional communication is made via MBDA other communication channels when deemed appropriate.</p> <p>Finally, MBDA continually reminds its employees its business ethics rules through various training and awareness sessions. This aims at ensuring all employees, including executives and managers, and in particular persons in sensitive positions, have clear guidance on how to conduct business and act in a responsible way.</p> <p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.11] Awareness and training</p> <p>The Code of Ethics is distributed to all employees and available on the MBDA intranet site. It is also published on the MBDA internet site for our stakeholders.</p> <p>The Code of Ethics is promoted via the MBDA Business Ethics Programme and general training as well as modules focused on the key principles of the Code are available for employees who need it to carry out their responsibilities.</p> <p>[2] Code of Ethics (webpage) Accessed 15/10/2019 https://www.mbda-systems.com/about-us/business-ethics/code-of-ethics/ Awareness sessions and training on business ethics matters are continuously reinforced and monitored through a dedicated training programme.</p> <p>[4] Business Ethics Policy (webpage) Accessed 15/10/2019 https://www.mbda-systems.com/about-us/business-ethics/business-ethics-policy/ To fulfill the objectives of its Policy, MBDA has implemented a Business Ethics Programme, structured in 3 phases:</p>

- PREVENTING the risk of noncompliance with our business ethics obligations.
- DETECTING any failure to implement our Group Procedures or any breach of our business ethics.
- RESPONDING effectively to any identified weakness of Group Procedures or any violation of business ethics.



Prevent
<ul style="list-style-type: none">▪ Risk Assessment▪ Adequate Group Procedures▪ Tools▪ Communication and Training
Detect
<ul style="list-style-type: none">▪ Business Ethics Programme Monitoring▪ Audits▪ Allegations
Respond
<ul style="list-style-type: none">▪ Corrective and Preventive Actions▪ Business Ethics Programme Improvement▪ Disciplinary actions

Question
3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees: a) Employees in high risk positions, b) Middle management, c) Board members.
Score
1
Comments
<p>There is some evidence that the company provides tailored anti-bribery and corruption training for employees based on an assessment of their role and exposure to corruption risk. The company states that it ensures that persons in sensitive positions have guidance on how to conduct business responsibly. However, it is unclear whether they are provided with a training programme that is tailored to their role's risk exposure and which are all the high risk groups identified in (a), (b) and (c) in the question.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.10] Communication and training</p> <p>The Business Ethics Policy is communicated to all MBDA employees, including executives and managers, and is available on MBDA's intranet. It is also published on MBDA's public website.</p> <p>To support continuous awareness and ensure common compliance culture throughout the Group, key information relating to business ethics and compliance is directly available to all MBDA employees in our domestic countries via a dedicated section of our intranet. Additional communication is made via MBDA other communication channels when deemed appropriate.</p> <p>Finally, MBDA continually reminds its employees its business ethics rules through various training and awareness sessions. This aims at ensuring all employees, including executives and managers, and in particular persons in sensitive positions, have clear guidance on how to conduct business and act in a responsible way.</p> <p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.11] Awareness and training</p> <p>The Code of Ethics is distributed to all employees and available on the MBDA intranet site. It is also published on the MBDA internet site for our stakeholders.</p> <p>The Code of Ethics is promoted via the MBDA Business Ethics Programme and general training as well as modules focused on the key principles of the Code are available for employees who need it to carry out their responsibilities.</p>

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
0
Comments
There is no publicly available evidence that the company measures or reviews the efficacy of its anti-bribery and corruption communications or training programme.
Evidence
No evidence found.

Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
1
Comments
<p>There is some evidence that the company's rewards for employees incorporate ethical principles. The company states that employee performance incentives cannot be in place if they are only achievable through unethical behaviour.</p> <p>However, further information about how the company ensures this in practice is not publicly available. There is no evidence to suggest that incentives are designed to reward behaviour in line with the company's ethical values, as identified through performance appraisals or conduct in the work place. It is also not clear whether financial incentive schemes are required to be proportionate to employees' salaries in the case of high risk employees.</p>
Evidence
<p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.3] No performance objectives should be imposed or accepted if they can only be achieved by compromising our ethical standards.</p>

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
0
Comments
There is no publicly available evidence that the company commits to supporting and protecting employees who refuse to act unethically.
Evidence
<p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.3] No performance objectives should be imposed or accepted if they can only be achieved by compromising our ethical standards.</p> <p>[16] Management of Allegations Process (Document) Accessed 19/05/2020 https://www.mbda-systems.com/wp-content/uploads/2020/03/Management-of-Allegations-Process.pdf [p.12] IV-4.4 Feedback Upon the conclusion of the investigation, the Process Owner and the Head of the Human Resources Department of the relevant Natco shall provide feedback on the findings of investigation to the person making the Allegation. The person making the Allegation shall be asked whether he or she is satisfied and to indicate whether he or she has been victimized after reporting the Allegation.</p>

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
1
Comments
<p>There is no evidence that the company has a publicly available policy of non-retaliation against employees who report bribery and corruption incidents. However, there is no clear evidence that this policy extends to those employed by the group as third parties, suppliers and joint venture partners. There is also no evidence that the company assures itself of its employees' confidence in this commitment through surveys, usage data, or other clearly stated means.</p>
Evidence
<p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.2] Message from the Chief Executive Officer</p> <p>[...]</p> <p>If you do come across anything which you are not sure about because it seems wrong or you need advice, do not hesitate to speak up without fear of reprisal.</p> <p>[p.3] Your concern will be treated seriously and fairly and your identity will remain confidential.</p> <p>We must not let any concerns go unresolved.</p> <p>No reprisal will be tolerated against employees making such a report in good faith.</p> <p>[16] Management of Allegations Process (Document) Accessed 19/05/2020 https://www.mbda-systems.com/wp-content/uploads/2020/03/Management-of-Allegations-Process.pdf [p.4] III.2.1 Good faith of Allegations Any person making an Allegation (whistle-blower) must act in good faith and must not make deliberately false Allegations when making an alert. Good faith is when an Allegation is made without malice or consideration of personal benefit and the person making the Allegation has a reasonable basis to believe the Allegation to be true. Any employee who knowingly or recklessly makes a false or misleading Allegation that is not in good faith may be subject to disciplinary action and/or court proceedings according to applicable national laws and regulations. Any employee who makes an Allegation in good faith will not be subject to any disciplinary action even if the Allegation is later shown to be inaccurate or unfounded.</p> <p>[p.5] III-2-3 Protection from retaliation Retaliation by any employee of the company, and/or by the company itself, directly or indirectly, against any employee who, in good faith, makes an Allegation or provides assistance to those responsible for investigating the Allegation will not be tolerated. Nor will any harassment against an employee or adverse employment consequences as a result of the submission in good faith of an Allegation be permitted in accordance with local laws.</p>

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
1
Comments
<p>There is evidence that the company provides whistleblowing and advice channels for its employees to report concerns or allegations of bribery and corruption. The company states that it will treat all concerns confidentially. In addition, there is evidence that the company's channels are sufficiently varied to allow employees to raise concerns across the management chain.</p> <p>However, the company receives a score of '1' because there is no evidence that it offers an external channel for employees to report outside of the organisation, for example one operated by an independent third party. It is also not clear whether reports may be made anonymously. The company indicates that its channels are available to all employees but it is not explicitly clear that they are available in multiple languages or to the employees of third parties, suppliers and joint venture partners.</p>
Evidence
<p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.3] Seeking guidance and reporting concerns</p> <p>The Code of Ethics cannot cover every situation that we may face within our everyday role. We may find ourselves faced with a dilemma that we are not sure how to resolve.</p> <p>There are a number of ways that we can seek advice and support.</p> <p>We can contact our immediate manager, someone else in our management structure, our Human Resources department, our Legal department or Compliance Officers.</p> <p>In addition, if after having received the necessary advice and/or clarifications mentioned above you have any reason to believe that a violation of the Code or other improper conduct has occurred, you are encouraged to report your concerns by sending an email to "report-allegations@mbda-systems.com".</p> <p>Your concern will be treated seriously and fairly and your identity will remain confidential.</p> <p>[p.11] The Code of Ethics applies to everyone within the company.</p> <p>All employees are expected to assume responsibility for performing their duties with fairness and integrity, to have an understanding of the Code of Ethics and to refer to it regularly, to have a detailed knowledge of those of its provisions that apply specifically to their job and to consult their manager if in doubt.</p> <p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.10] Allegations</p> <p>Similarly, one channel for detecting any breach of our business ethics principles or consequently any weakness in our Business Ethics programme is allegations, regardless of how they are raised. Any such allegation shall be dealt with in accordance with the dedicated Group process and appropriate actions undertaken depending on the outcomes (see § 4.3.1).</p>

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
1
Comments
<p>There is evidence that the company has a policy on conflicts of interest which applies to all employees and covers actual, potential and perceived conflicts. However, there is no publicly available evidence that the company's policy addresses the risks arising from specific categories of conflicts, such as employee and government relationships, financial interests and other employment.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.9] Conflicts of interest</p> <p>The Code of Ethics requires that all employees avoid conflicts of interest between their obligations to MBDA and their personal affairs.</p> <p>Nevertheless potential situations of conflicts of interest cannot all be addressed in a simple way and must be resolved to remain workable and not conflict with other rights. Therefore clear guidance must be given on:</p> <ul style="list-style-type: none"> • How to disclose, resolve or remove a conflict of interest; and • Conditions of recording of such situations. <p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.5] Conflicts of interest</p> <p>All of us as employees are required to avoid conflicts of interest between our obligations to MBDA and our personal affairs.</p> <p>Any relationship or activity which could or would influence, or appear to influence, performance of our duties to MBDA must be disclosed to our manager.</p> <p>[p.11] The Code of Ethics applies to everyone within the company.</p> <p>All employees are expected to assume responsibility for performing their duties with fairness and integrity, to have an understanding of the Code of Ethics and to refer to it regularly, to have a detailed knowledge of those of its provisions that apply specifically to their job and to consult their manager if in doubt.</p>

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
1
Comments
There is no clear evidence that the company has procedures in place to identify, declare and manage conflicts of interest. The company indicates that employees must disclose potential conflicts to their manager, but it does not provide further details on its management or oversight systems.
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.9] Conflicts of interest</p> <p>The Code of Ethics requires that all employees avoid conflicts of interest between their obligations to MBDA and their personal affairs.</p> <p>Nevertheless potential situations of conflicts of interest cannot all be addressed in a simple way and must be resolved to remain workable and not conflict with other rights. Therefore clear guidance must be given on:</p> <ul style="list-style-type: none"> • How to disclose, resolve or remove a conflict of interest; and • Conditions of recording of such situations. <p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.5] Conflicts of interest</p> <p>All of us as employees are required to avoid conflicts of interest between our obligations to MBDA and our personal affairs.</p> <p>Any relationship or activity which could or would influence, or appear to influence, performance of our duties to MBDA must be disclosed to our manager.</p>

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
0
Comments
There is no evidence that the company has a policy regulating the employment of current or former public officials.
Evidence
No evidence found.

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no evidence that the company publishes details of the contracted services of serving politicians.
Evidence
No evidence found.

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question										
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?										
Score										
0										
Comments										
<p>Based on publicly available information, there is evidence that the company has a policy to not make any corporate political contributions. The company indicates that this applies to both financial and in-kind donations to any political parties, organisations or individual politicians. In the United States, there is evidence that that the company is associated with a Political Action Committee (PAC).</p> <p>Since the company is associated with a PAC, it receives a score of '0' in line with the scoring criteria.</p>										
Evidence										
<p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.10] Political contributions and activity</p> <p>Political contributions are often subject to national laws and vary from country to country. MBDA's policy is not to make contributions, financial or in kind, to political parties or organisations, or to individual politicians.</p> <p>MBDA respects the rights of its employees to participate as individuals in their community and civic affairs.</p> <p>This must be done at a personal level or through a Political Action Committee when permitted by law (such as in the US), in their own time and at their own expense, consistent with applicable laws. Employees need to carefully separate their own political activities from MBDA activities and avoid any conflict of interest.</p>										
<p>[21] Open Secrets – Search “MBDA” Accessed 22/12/2020 https://www.opensecrets.org/political-action-committees-pacs/C00490037/summary/2018 PAC Registration Details</p> <table><tr><td>Official PAC Name:</td><td>MBDA INCORPORATED POLITICAL ACTION COMMITTEE</td></tr><tr><td>Location:</td><td>ARLINGTON , VA 22209</td></tr><tr><td>Industry:</td><td>Misc Defense; Ground-based & other weapons systems</td></tr><tr><td>Treasurer:</td><td>RERKO, JUSTIN S.</td></tr><tr><td>FEC Committee ID:</td><td>C00490037</td></tr></table> <p>(Look up the documents filed at the FEC)</p>	Official PAC Name:	MBDA INCORPORATED POLITICAL ACTION COMMITTEE	Location:	ARLINGTON , VA 22209	Industry:	Misc Defense; Ground-based & other weapons systems	Treasurer:	RERKO, JUSTIN S.	FEC Committee ID:	C00490037
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Industry:	Misc Defense; Ground-based & other weapons systems									
Treasurer:	RERKO, JUSTIN S.									
FEC Committee ID:	C00490037									

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
0
Comments
<p>The company publishes a clear statement that it does not make corporate political donations. However, the company is associated with a Political Action Committee (PAC) in the United States, and there is no evidence that it discloses any information on its PAC disbursements, either directly on its website or by including a link to federal disclosures.</p>
Evidence
<p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.10] Political contributions and activity</p> <p>Political contributions are often subject to national laws and vary from country to country. MBDA's policy is not to make contributions, financial or in kind, to political parties or organisations, or to individual politicians.</p> <p>MBDA respects the rights of its employees to participate as individuals in their community and civic affairs.</p> <p>This must be done at a personal level or through a Political Action Committee when permitted by law (such as in the US), in their own time and at their own expense, consistent with applicable laws. Employees need to carefully separate their own political activities from MBDA activities and avoid any conflict of interest.</p>

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
1
Comments
<p>There is evidence that the company has a detailed policy and procedure on charitable donations and sponsorships. The company's policy includes criteria for donations and a requirement that all donations must be properly documented. However, the company receives a score of '1' because there is no evidence that it publishes full details of its charitable donations and sponsorships, such as the name, amount and country of each recipient entity.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.8] Donations and Sponsorship</p> <p>MBDA operates in many countries worldwide, through its industrial activities or the commercial campaigns and projects it carries out. This may involve MBDA in supporting and contributing to local public interest causes, humanitarian relief or any other community engagement in those countries.</p> <p>MBDA must then ensure such activities and related funding fully comply with its business ethics principles and the objectives that led to the decision of carrying them out. To this end:</p> <p><input type="checkbox"/> Any donation or sponsorship operation shall be subject to prior written approval of MBDA designated responsible person/s, in accordance with criteria defined in the dedicated Group Procedure;</p> <p><input type="checkbox"/> Any donation or sponsorship operation should relate to the opportunity to enhance MBDA's reputation as a good citizen, to advertise the MBDA products and brand or to be relevant to the community in which MBDA operates;</p> <p><input type="checkbox"/> Responsibility for managing and monitoring such operations once decided shall also be allocated; and</p> <p><input type="checkbox"/> Any donation or sponsorship operation shall be properly recorded.</p> <p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.5] Sponsorship</p> <p>Sponsorship is part of the marketing and communication strategy.</p> <p>It is authorised in compliance with applicable laws and regulations.</p> <p>Decisions to engage the company in any sponsorship is subject to prior approval of MBDA and must be properly recorded</p> <p>[p.10] Donations</p> <p>Donations to public-interest or private organisations on behalf of MBDA may be permitted in compliance with all applicable laws and regulations.</p> <p>Decisions to engage the company in any donations to our communities or charities is subject to prior approval of MBDA and must be properly recorded.</p> <p>[17] Donations and Sponsorship Policy (Document)</p>

Accessed 19/05/2020

<https://www.mbda-systems.com/wp-content/uploads/2020/03/DS-Policy.pdf>

[p.4] 2. Scope

This document describes the Donation and Sponsorship Policy and covers all stages of the procedure to be applied for any corresponding operation, from the initial request to the execution and post-operation activities, whether at National level, Export level or Group level (see §5.2).

This document is a Group document which defines rules and requirements to be applied in all MBDA companies. If appropriate, more stringent requirements will be defined by each National Company, according to national requirements and custom, under the responsibility of the relevant NCO (see §7).

NOTE: For the avoidance of doubt, this document only relates to donation and sponsorship made by MBDA. It does not apply to donation and sponsorship made by MBDA employees as individuals. In this case, D&S must be done at a personal level, using employees' own funds and without any association to MBDA, i.e. employees must not register their place of work and/or job title in connection with this personal donation or sponsorship.

For the purpose of this document, donation and sponsorship are defined as follows:

- Donation: voluntary contribution to external parties, whether financial or through other forms of support, for which there are no tangible benefits or commercial return NOTE: Patronage ("mécénat") is considered as donation.
- Sponsorship: act of supporting financially or through the provision of goods or services, an event, activity, project or organization, in return for services or visibility agreed by both parties

NOTE: As a commercial means to enhance and promote image, branding and positioning, sponsorship is part of the overall MBDA communication activities.

NOTE 1: Membership in trade associations or professional bodies directly connected to our activities or areas of competences and in regulated bodies, i.e. independent organizations, usually established by governments, that regulate the activities of companies in industry (e.g. ASD, IFBEC, GIFAS, standardization bodies...) is excluded from the scope of this Procedure.

NOTE 2: Membership in any other association or body, if any, shall be considered for the purpose of this document either as a donation or a sponsorship as defined here above.

3.MBDA's Donation and Sponsorship Policy

3.1 MBDA's Key Principles with respect to Donation and Sponsorship

MBDA's key principles with respect to donations and sponsorship activities are as follows. Any donation or sponsorship operation shall:

- Relate to MBDA's strategic objectives in terms of donations and sponsorship as defined in §3.2 and corresponding standard initiatives as defined in §3.3;
- Be made in compliance with MBDA Business Ethics principles and any applicable laws and regulations;

[p.5] • Be subject to prior written approval by MBDA designated responsible person/s, in accordance with criteria / thresholds defined in this Group Procedure;

- Be properly managed and recorded

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
0
Comments
There is no publicly available evidence that the company has a policy or procedure on lobbying.
Evidence
No evidence found.

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
0
Comments
There is no evidence that the company publishes any information on its lobbying aims, topics or activities.
Evidence
No evidence found.

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
0
Comments
There is no evidence that the company publishes any details about its global lobbying expenditure.
Evidence
No evidence found.

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
1
Comments
<p>There is evidence that the company has a policy on the giving and receipt of gifts and hospitality, with clear procedures designed to ensure that such promotional expenses are bona fide and not used for bribery. This policy establishes financial limits, along with an approval procedure, for the different types of promotional expense that employees may encounter. The company's policy includes a clear statement that all gifts and hospitality above certain thresholds are recorded in a dedicated central register that is accessible to those responsible for oversight of the process.</p> <p>However, the company receives a score of '1' because there is no publicly available evidence its policy addresses the risks associated with gifts and hospitality given to or received from domestic or foreign public officials.</p>
Evidence
<p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.4] Gifts and hospitality MBDA aims to ensure that any business decision made by us, our customers, suppliers or other business partners is solely based on relevant criteria, such as competitiveness, performance and quality of products and services offered. Business courtesies, such as gifts and hospitality, given to or received from customers, suppliers or other business partners must reflect a normal courtesy of business and may not influence, or give the appearance of influencing, any business decision. Gifts and hospitality must not be given or received with a corrupt purpose anywhere in the world. Reasonable behaviour, common sense and prudence should always guide us in these situations and it is our duty to always comply with our internal procedures as well as with the laws and regulations of our domestic countries and those of other countries where we do business. Gifts in cash or any lavish hospitality are never permitted.</p> <p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.8] Gifts and hospitality MBDA employees may have, in connection with our business activities, to offer gifts or hospitality to customers, business partners or visitors. This is recognised as part of doing business when seeking to improve our image, better present our products and services or establish cordial business relations.</p> <p>However, MBDA must ensure that such gifts or hospitality are not and cannot be perceived as influencing the beneficiary in the exercise of his or her functions. Therefore offering of any gifts or hospitality is submitted to clear rules, in particular:</p> <p><input type="checkbox"/> They are in all cases subject to the following cumulative conditions:</p> <ul style="list-style-type: none"> o In accordance with beneficiaries' laws, regulations and national customs in this matter; o For business purposes; o Proportionate; o Socially acceptable; and o Traceable; <p><input type="checkbox"/> Prior approval by hierarchy will be requested when appropriate, in accordance with criteria defined in the dedicated Group Procedure; and</p> <p><input type="checkbox"/> Appropriate records shall be kept.</p>

Particular attention will be paid to this matter during negotiating phase of commercial contracts.

As a matter of clarification, receipt of gifts or hospitality by any MBDA employee is also subject to clear rules which are detailed in the dedicated Group Procedure.

[18] Gifts and Hospitality Policy and Procedure (Document)

Accessed 19/05/2020

<https://www.mbda-systems.com/wp-content/uploads/2020/03/GH-Policy.pdf>

[p.4] 1. Preamble

MBDA employees may have, in connection with our business activities, to offer gifts or hospitality to customers, business partners or visitors or to receive gifts or hospitality from them. This is recognised as part of doing business when seeking to improve our image, better present our products and services or establish or maintaining cordial business relationship.

However, there is a risk that gifts or hospitality can be or be perceived by a third party to be for the purpose of unduly influencing the beneficiary in the exercise of his or her functions. This might have critical consequences for MBDA in terms of reputation and legal consequences in case of violation of applicable international and national laws and regulations.

In order to manage this risk and in line with its Business Ethics Policy, MBDA has defined a Gifts and Hospitality Policy and corresponding Procedure as follows.

2.Scope

The aim of this document is to describe the MBDA Gifts & Hospitality Policy and Procedure which shall be implemented in any MBDA Group Companies. If appropriate, more stringent requirements will be defined by each National Company, according to national requirements and customs, under the responsibility of the relevant NCO (see §7).

For the purpose of this document, gifts and hospitality are defined as follows:

- Gifts: any payment, gratuity, gratification, present or advantage, pecuniary or not, offered, promised, given or received, without any direct or indirect material or immaterial compensation

NOTE 1: So defined, the term "Gift" has a broad meaning which virtually includes anything for which the beneficiary does not pay fair market price. As an example, internships for family members, educational courses, job opportunities, subsidized housing or home improvement etc. can be considered as gifts.

NOTE 2: The words "offered, promised, given" are collectively referred to as "offered" for the purpose of this document.

- Hospitality: all forms of social amenity, entertainment, travel or lodging, or an invitation to a business, sporting or cultural event

NOTE 1: This includes, but is not limited to: meals (breakfast, lunch, dinner, cocktail, reception...), accommodation, transportation (by car, air or train, e.g. travel, local transportation etc.), entertainment, business events (e.g. seminar, conferences...) and other advantages or personal favours.

NOTE 2: This includes hospitality offered or received outside of implementation of a commercial contract or not foreseen in said commercial contract as well as hospitality offered or received during implementation of a commercial contract and foreseen in said commercial contract.

Are excluded from the scope of this Procedure:

- Gifts or hospitality provided by MBDA to its own employees;
- Gifts or hospitality offered or received by any MBDA employee in his/her private capacity and unrelated to MBDA.

[p.5] 3. MBDA'S GIFTS AND HOSPITALITY POLICY

MBDA has defined key principles that all its employees must respect when wishing to offer or being in a position to receive G&H as follows. Any gifts or hospitality, whether offered or received, shall be (cumulative conditions):

3.1 In accordance with beneficiaries' laws, regulations and national custom in this matter

Any gift or hospitality, whether offered or received, must be:

- Permitted by local applicable laws and regulations;

- Permitted by beneficiary's organization specific codes, standards or policies if any;
 - o If not known, prior approval can be requested from beneficiary's organization / hierarchy;
- Appropriate (not unusual or lavish) considering the culture, local custom, standard of living or industry standards in the country where the G&H is offered or received. In order to facilitate checking of compliance with this item, NCOs and operational entities will be provided information on potential restrictions related to G&H in the key countries where MBDA operates. The BE&CR Directorate is responsible for establishing, maintaining and providing this information, with the support of Legal Directorate.

3.2 For business purposes

Any gift or hospitality, whether offered or received, must relate to business purposes, e.g.:

- Promotion, demonstration or explanation of MBDA's products and services;
- Negotiation, execution or performance of contractual obligations;
- Activities relating to the building of business relationships.

Business purpose must, as far as possible, be easily demonstrated, e.g.:

- In case of delegation coming to our premises, written detailed agenda of visits and activities;
- In case of meal or entertainment: mandatory attendance of at least one MBDA representative (of appropriate level).

3.3 Proportionate

Nature, value and frequency of the gift or hospitality must be appropriate to the occasion on which it is offered and to the respective position of the giver and the beneficiary.

3.4 Socially acceptable

Any gift or hospitality, whether offered or received, must be socially acceptable, i.e.:

- Reasonable in value, not lavish or extravagant;
- Not embarrassing for the beneficiary;
- Inducing no risk for MBDA's reputation if it were made public;
- Be occasional or not present any frequency patterns which might give rise to suspicions if made to a single beneficiary or received from a single giver.

[p.6] 3.5 Traceable

Any gift or hospitality, whether offered or received, must be properly managed and recorded as per the Group Procedure (see §5.4).

3.6 Subject to prior approval by hierarchy when appropriate

Circumstances and criteria where prior approval is required are set out in the Group Procedure (see §5.3).

[p.9] 5.3 Approval of G&H

5.3.1 General rules

a) Thresholds used for approval of G&H, whether offered or received are meant as follows:

- o For gifts, threshold is meant for each gift, in value;
- o For hospitality, threshold is meant per head in value and per visit/meal.

b) When prior approval is required by this Procedure, the Group G&H approval and record form (G&H form, see Appendix App. 1) shall be used. The G&H form is the document that formalizes any offering or receiving of G&H when prior approval is required by this Procedure. It must in particular provide clear information on the following points:

- o G&H offered or received;
- o Nature of the G&H (gift, meal, entertainment, accommodation, transport, delegation, large commercial event, etc.);
- o Estimated or actual value;
- o Context of the G&H (occasion, purpose, motive...);
- o Interested parties, i.e. givers or beneficiary/ies (name, company, job title, country);
- o Date of the G&H.

[p.10] Applicant is responsible for issuing the "G&H form" and making sure it contains all necessary information with appropriate level of detail, completeness and accuracy to allow correct appraisal of the file by any concerned party.

c) Applicants are not authorized to approve their own G&H operations. In such case, prior approval shall be obtained from another senior manager or MC member as appropriate.

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
1
Comments
<p>There is some evidence that the company's procurement department is involved in the establishment and oversight of supplier relationships. However, there is no clear evidence that the procurement department is the main body responsible for oversight of the company's supplier base, nor is there evidence that the company assures itself of the procurement department's involvement at least every three years.</p>
Evidence
<p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.12] Key reference documents</p> <p>[...]</p> <p>MBDA Procurement Policy</p> <p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.9] Supply Chain</p> <p>MBDA works with subcontractors and key suppliers, very often on a long duration relationship. Their performance is a critical part of our own performance. The selection of these subcontractors and key suppliers must comply with various criteria, including price, quality, performance, delivery and suitability in accordance with MBDA rules. Local added value may also be part of selection criteria.</p> <p>In addition, MBDA must also pay particular attention to the business ethical conduct of these subcontractors and key suppliers in order that MBDA only deals with those having appropriate business ethics principles.</p> <p>Detailed methodology shall be defined accordingly, such as issuance of guidelines enabling procurement to establish and implement the necessary arrangements.</p> <p>[19] Supply Chain Business Ethics (Document) Accessed 19/05/2020 https://www.mbda-systems.com/wp-content/uploads/2020/03/Supply-Chain-Business-Ethics-Policy.pdf [p.4] Business Ethical (BE) assessments shall be managed by MBDA National Compliance Officers (NCO) in conjunction with Industrial policy, global Supply chain & direct/indirect Procurement (ISP). These assessments apply to any party, with whom MBDA engages business discussions, which includes:</p> <ul style="list-style-type: none"> • New/prospective sub-contractors and suppliers. • Existing sub-contractors and suppliers. • Domestic and Export, including local suppliers (e.g. for construction). • Industrial Cooperation & Offset suppliers. <p>[p.7] Where an active supplier has been identified with a moderate BE risk, due to primary intelligence, risk monitoring (alerts), and surveillance etc. the NCO and CM/PM/SCM will be informed by BSI to determine the next steps. This may result in the NCO requesting further details concerning the Supplier and Project(s) implications from the relevant ISP Procurement lead(s) and potentially initiating a further confidential BE diagnostic.</p>

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
1
Comments
<p>There is some evidence that the company has formal procedures in place to conduct annual risk based due diligence on its suppliers. There is some evidence to indicate that the company might be willing to review or terminate supplier relationships in circumstances where a red flag highlighted in the due diligence cannot be mitigated. However, it is not clear from publicly available information that the company's due diligence includes checks on the beneficial ownership of suppliers.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.9] Supply Chain</p> <p>[...]</p> <p>The selection of these subcontractors and key suppliers must comply with various criteria, including price, quality, performance, delivery and suitability in accordance with MBDA rules. Local added value may also be part of selection criteria.</p> <p>[19] Supply Chain Business Ethics (Document) Accessed 19/05/2020 https://www.mbda-systems.com/wp-content/uploads/2020/03/Supply-Chain-Business-Ethics-Policy.pdf</p> <p>[p.1] The Business Ethics assessment forms part of the Risk Registration of a supplier along with checks for Financial stability. There are different methods for management and escalation of supplier ethical risks for: All current suppliers - identified through primary intelligence and the day to day management of a supplier and/or risk monitoring through annual Risk Registration refresh. All prospective suppliers - identified through a Risk Registration process (BMS3780) which is a prerequisite of each national supplier approval procedure and represents the first stage of the company's Supply Chain Risk Management (SCRM) procedure (BMS3596).</p> <p>[p.4] Business Ethical (BE) assessments shall be managed by MBDA National Compliance Officers (NCO) in conjunction with Industrial policy, global Supply chain & direct/indirect Procurement (ISP). These assessments apply to any party, with whom MBDA engages business discussions, which includes:</p> <ul style="list-style-type: none"> • New/prospective sub-contractors and suppliers. • Existing sub-contractors and suppliers. • Domestic and Export, including local suppliers (e.g. for construction). • Industrial Cooperation & Offset suppliers. <p>[p.8] If no consensus on the action plan has been found by the SPT, the case shall be escalated to the Management Committee or Business Ethics Committee by the GCO. Where termination has been identified as the action, the Directors of ISP/MEP shall own the action plan to terminate all contracts and identify an alternative source of supply</p>

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
1
Comments
<p>There is some evidence that the company requires that its suppliers be aware of its Business Ethics Policy. The company indicates that it only does business with suppliers that adhere to ethical business principles. However, the company receives a score of '1' because there is no evidence to indicate how the company assures itself that its suppliers to have anti-bribery and corruption policies in place that meet a high standard.</p>
Evidence
<p>[4] Business Ethics Policy (webpage) Accessed 15/10/2019 https://www.mbda-systems.com/about-us/business-ethics/business-ethics-policy/ PRACTICALLY SPEAKING, WHAT IS NEW IN THIS BUSINESS ETHICS POLICY?</p> <p>[...]</p> <p>This Policy must be easily understandable by all of us, even those not familiar with these subjects. It is intended first for all MBDA employees, but also for all our business partners who must be informed of and aware of MBDA's commitments in this matter.</p> <p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.9] Supply Chain</p> <p>MBDA works with subcontractors and key suppliers, very often on a long duration relationship. Their performance is a critical part of our own performance. The selection of these subcontractors and key suppliers must comply with various criteria, including price, quality, performance, delivery and suitability in accordance with MBDA rules. Local added value may also be part of selection criteria.</p> <p>In addition, MBDA must also pay particular attention to the business ethical conduct of these subcontractors and key suppliers in order that MBDA only deals with those having appropriate business ethics principles.</p> <p>Detailed methodology shall be defined accordingly, such as issuance of guidelines enabling procurement to establish and implement the necessary arrangements.</p> <p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.4] Suppliers</p> <p>Suppliers deliver an important part of the value of our products and play an important role in customer satisfaction. We must promote ethical relationships with our suppliers and make sure that they are treated fairly and equally.</p> <p>In the selection of goods and services account must be taken of price, quality, performance, delivery and suitability.</p>

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
0
Comments
There is no evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption programme and standards are required throughout the supply chain.
Evidence
No evidence found.

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or anti-bribery and corruption investigations or associated disciplinary actions involving its suppliers.
Evidence
No evidence found.

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
1
Comments
<p>There is evidence that the company has a policy covering the use of agents, which includes due diligence and a requirement for the agent to certify their compliance with the company's ethics principles. The company's policy extends to all controlled subsidiaries and joint venture partners. In addition, this policy addresses corruption risks that may be associated with the use of agents, such as ethics compliance, remuneration and payments.</p> <p>However, there is no clear evidence that the company commits to establishing and verifying that the use of agents is, in each case, necessary to perform a legitimate business function. The company stipulates that agents must be assigned clear duties, however it is not clear that this includes ensuring the legitimacy of their use.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf</p> <p>[p.7] Contractual arrangements with Business Advisers</p> <p>To support its future business development and assist its marketing and sales activities, MBDA may engage business advisers. They bring their knowledge of the Territory where we intend to do business, the Customer, the users, the local industrial fabric or of any other subject of interest or value to support MBDA sales activities. They can give guidance and advice on development of business opportunities, strategy to adopt on a commercial campaign, our industrial aims and other MBDA business dealings.</p> <p>Selection, appointment, monitoring and payment of such advisers is governed by strict rules. In particular:</p> <ul style="list-style-type: none"> • Their competences with respect to the expected mission and their compliance with MBDA business ethics criteria are thoroughly assessed prior to any appointment ("<i>Business Adviser due diligence</i>"); • They are assigned clear mission and duties; • They must certify their understanding and compliance with the MBDA business ethics principles; <p>[p.8] • Their remuneration is among others linked to the complexity of the assigned mission, to their added value, and to benchmark in the market or territory concerned; and</p> <ul style="list-style-type: none"> • Payments are managed through a rigorous internal approval process and are subject to clear and rigorous substantiation of their activity. <p>The same rules apply to Business Advisers engaged to support MBDA offset activities.</p> <p>[p.9] Any new entity set up as a result of any M&A operation shall apply this MBDA Business Ethics Policy or put in place a policy in line with it depending on MBDA's participation in such entity.</p> <p>[p.12] Implementation in Companies</p> <p>[p.13] 6.1 National Companies</p>

[...]

The National Compliance Officer is in particular responsible for implementing the MBDA Group Business Ethics Policy and Procedures [...]:

[...]

He or she is also responsible for ensuring the MBDA Group Business Ethics Policy and Procedures are properly implemented in the companies controlled by his or her National Company [...].

[...]

6.2 Controlled Companies

[...]

The Company Compliance Correspondent is in particular responsible for:

- Implementing the MBDA Business Ethics Policy and Procedures within its company;

[...]

6.3 Non-controlled companies

Within each MBDA non-controlled company, governing body and top management are responsible for ensuring that the company has defined and implemented business ethics policy and procedures which are consistent with this Policy [...].

[1] Code of Ethics

Accessed 15/10/2019

<https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf>

[p.4] Business advisors

We must never hire someone else to do anything that we cannot ethically or legally do ourselves. Engaging a third-party to indirectly make an improper payment violates anti-corruption laws. The selection of business advisors is guided by strict internal procedures.

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
1
Comments
<p>There is evidence that the company has procedures to conduct due diligence on its agents prior to engaging them, and the company indicates that such checks include business ethics. However, it does not indicate whether this due diligence is anti-bribery and corruption focused or based on an assessment of risk. There is also no evidence that this due diligence is repeated at least every two years or when there is a significant change in the business relationship.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf <p>[p.7] Contractual arrangements with Business Advisers</p> <p>To support its future business development and assist its marketing and sales activities, MBDA may engage business advisers. They bring their knowledge of the Territory where we intend to do business, the Customer, the users, the local industrial fabric or of any other subject of interest or value to support MBDA sales activities. They can give guidance and advice on development of business opportunities, strategy to adopt on a commercial campaign, our industrial aims and other MBDA business dealings.</p> <p>Selection, appointment, monitoring and payment of such advisers is governed by strict rules. In particular:</p> <ul style="list-style-type: none"> • Their competences with respect to the expected mission and their compliance with MBDA business ethics criteria are thoroughly assessed prior to any appointment ("<i>Business Adviser due diligence</i>"); <p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf <p>[p.4] Business advisors</p> <p>We must never hire someone else to do anything that we cannot ethically or legally do ourselves. Engaging a third-party to indirectly make an improper payment violates anti-corruption laws. The selection of business advisors is guided by strict internal procedures.</p> </p> </p>

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
0
Comments
<p>There is no publicly available evidence that the company aims to establish the beneficial ownership of its agents, nor is there evidence that it commits to not engage or terminate its engagement with agents or intermediaries if beneficial ownership cannot be established.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.7] Contractual arrangements with Business Advisers</p> <p>[...]</p> <p>Selection, appointment, monitoring and payment of such advisers is governed by strict rules. In particular:</p> <ul style="list-style-type: none"> • Their competences with respect to the expected mission and their compliance with MBDA business ethics criteria are thoroughly assessed prior to any appointment ("<i>Business Adviser due diligence</i>"); <p>[1] Code of Ethics Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf [p.4] Business advisors</p> <p>[...]</p> <p>The selection of business advisors is guided by strict internal procedures.</p>

Question
7.1.4 Does the company's anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
1
Comments
There is some evidence that, as part of its contractual arrangements, the company requires that agents certify their compliance with its business ethics principles. However, the company receives a score of '1' because there is no evidence that its contracts with these entities include anti-bribery and corruption clauses to detect, control and prevent breaches.
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.7] Contractual arrangements with Business Advisers</p> <p>[...]</p> <p>Selection, appointment, monitoring and payment of such advisers is governed by strict rules. In particular:</p> <ul style="list-style-type: none"> • Their competences with respect to the expected mission and their compliance with MBDA business ethics criteria are thoroughly assessed prior to any appointment ("<i>Business Adviser due diligence</i>"); • They are assigned clear mission and duties; • They must certify their understanding and compliance with the MBDA business ethics principles; <p>[4] Business Ethics Policy (webpage) Accessed 15/10/2019 https://www.mbda-systems.com/about-us/business-ethics/business-ethics-policy/ PRACTICALLY SPEAKING, WHAT IS NEW IN THIS BUSINESS ETHICS POLICY?</p> <p>[...]</p> <p>This Policy must be easily understandable by all of us, even those not familiar with these subjects. It is intended first for all MBDA employees, but also for all our business partners who must be informed of and aware of MBDA's commitments in this matter.</p>

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
1
Comments
<p>There is evidence that the company highlights and addresses incentive structures for agents as a factor in bribery and corruption risk. The company indicates that remuneration for business advisers must be proportionate to the complexity of the project and relative to the market rate in the given jurisdiction.</p> <p>However, there is no evidence that the company imposes a threshold on the payment of sales commissions to agents, nor that it requires that remuneration is made in stage payments or into local bank accounts.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf</p> <p>[p.7] Contractual arrangements with Business Advisers</p> <p>[p.8] • Their remuneration is among others linked to the complexity of the assigned mission, to their added value, and to benchmark in the market or territory concerned; and</p> <p>• Payments are managed through a rigorous internal approval process and are subject to clear and rigorous substantiation of their activity.</p>

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the agents currently contracted to act for or on its behalf.
Evidence
No evidence found.

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption-related investigations, incidents or disciplinary actions involving its agents.
Evidence
No evidence found.

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
1
Comments
<p>There is evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on all of its joint venture partnerships. The company clearly indicates that this includes establishing the ultimate beneficial ownership of the partner company. There is some evidence that due diligence is tailored according to the level of risk facing the company.</p> <p>However, there is no evidence that due diligence is repeated at least every two years or when there is a significant change in the business relationship.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.9] Mergers and Acquisitions and other alliances [3]</p> <p>The development of MBDA may involve mergers, restructuring or acquisitions of other companies' businesses. Such operations must be conducted while minimizing the risk of MBDA being involved in any corruption allegation or evidenced case that could imply its liability, including where it relates to activity which occurred prior to MBDA being involved in the transaction.</p> <p>To this end, particular attention shall be paid to compliance issues while conducting Mergers and Acquisitions activities, including:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Performing a compliance risk assessment of the future partner or target business (with focus on its anti-corruption measures); and <input type="checkbox"/> Assessing compliance of the target company with MBDA business ethics criteria. Any new entity set up as a result of any M&A operation shall apply this MBDA Business Ethics Policy or put in place a policy in line with it depending on MBDA's participation in such entity (see § 6). <p>Similar attention shall be paid to compliance issues when considering entering into any other kind of cooperation agreements or arrangements such as JVs, Teaming Agreements, MoUs etc.</p> <p>[p.9 footnote] [3] This includes shareholdings and cooperation alliances and agreements such as JVs, Teaming Agreements, MoUs, Marketing Agreements etc.</p> <p>[20] Due Diligence in M&A (Document) Accessed 19/05/2020 https://www.mbda-systems.com/wp-content/uploads/2020/03/Due-Diligence-in-MA.pdf [p.3] 1 Introduction</p> <p>1.1 Definition – Due Diligence The process by which a purchaser of, or an investor in, a company / business investigates the records and business of a target company to support its value and discover whether there are hidden details or data omitted by the seller that may be considered un-favourable by the acquirer. Professional reports from accountants, lawyers, environmental/health and safety consultants and other specialists should be included. The due diligence process is covered by confidentiality undertakings.</p> <p>Due Diligence assesses the deal from a commercial, technical, financial and legal point of view. It is concerned with understanding more about the target business, confirming that the buying company is acquiring what they believe</p>

they are buying, unearthing any risks in the deal, finding negotiating issues and helping to plan post-deal integration.

1.2 Guideline Aim

Due Diligence is only part of an acquisition process and represents Phase Two within the Mergers & Acquisitions Process detailed in Process Manage Mergers & Acquisitions CMC 5. Phase One being the identification of an acquisition target and making an approach, this can only be sensibly completed following a proper strategic review in which an acquisition has been identified as logical for the business and in-line with MBDA's strategic growth contained within the MBDA ISBP (Integrated Strategic Business Plan). If an approach leads to agreement, the deal enters the second stage. The two parties sketch out broad terms of the deal and the buyer will complete Due Diligence. Successful Due Diligence leads to negotiation - Phase Three - and if all goes well, the deal completes - Phase Four - subject to any applicable regulatory / anti-trust clearances. Due Diligence must provide Senior Management with confidence in the data and understanding of both real and potential advantages, disadvantages and risks associated, in order to take the decision to proceed to the next acquisition phase.

[p.4] 2. Due Diligence – The process

2.1 Due Diligence Outline View

Due Diligence is not just concerned with reducing risk, but also with the effective management of the acquisition and utilisation the company's resources and capabilities so that the goals of the acquisition can be realised. In order to be useful in valuing, negotiating deals and effectively integrating and managing the acquired business, Due Diligence should cover the following aspects of the target company:-

- Commercial (e.g. competitive position, customer relations, patents, project reviews)
- Operational (e.g. production technology, processes and systems)
- Financial & Tax (e.g. historical accounting information, potential tax liabilities)
- Legal (e.g. contracts, product or environmental liabilities)
- Human Resources (e.g. compensation, training, employee relations)
- Organisational (e.g. structure, management style, power distribution)
- Information Systems (e.g. performance, cost, complexity, compatibility)

[p.7] 4. Planning Due Diligence

The full comprehensive Due Diligence Checklist can be referred to in Appendix B of this Process and forms the core of this Guideline. In order to determine, prioritise and gather data, the Checklist is adaptable to all acquisition targets and should be tailored accordingly.

The output of this exercise forms a Due Diligence Plan and associated Data Room Checklist for the target acquisition.

[p.34] Due Diligence List – Legal

A family tree showing the relationship between entities mentioned hereabove and ownership chain to ultimate beneficial owners

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
1
Comments
<p>There is some evidence that the principles outlined in the company's Business Ethics Policy apply to joint venture partnerships. In addition, the company states that in some cases joint ventures may implement different ethics policies but indicates that the standards must be equivalent to its own Business Ethics Policy.</p> <p>However, there is no publicly available evidence that the company requires the inclusion of anti-bribery and corruption clauses in its contracts with joint venture partners.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.9] Mergers and Acquisitions and other alliances [3]</p> <p>The development of MBDA may involve mergers, restructuring or acquisitions of other companies' businesses. Such operations must be conducted while minimizing the risk of MBDA being involved in any corruption allegation or evidenced case that could imply its liability, including where it relates to activity which occurred prior to MBDA being involved in the transaction.</p> <p>To this end, particular attention shall be paid to compliance issues while conducting Mergers and Acquisitions activities, including:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Performing a compliance risk assessment of the future partner or target business (with focus on its anti-corruption measures); and <input type="checkbox"/> Assessing compliance of the target company with MBDA business ethics criteria. Any new entity set up as a result of any M&A operation shall apply this MBDA Business Ethics Policy or put in place a policy in line with it depending on MBDA's participation in such entity (see § 6). <p>Similar attention shall be paid to compliance issues when considering entering into any other kind of cooperation agreements or arrangements such as JVs, Teaming Agreements, MoUs etc.</p> <p>[p.9 footnote] [3] This includes shareholdings and cooperation alliances and agreements such as JVs, Teaming Agreements, MoUs, Marketing Agreements etc.</p> <p>[4] Business Ethics Policy (webpage) Accessed 15/10/2019 https://www.mbda-systems.com/about-us/business-ethics/business-ethics-policy/ PRACTICALLY SPEAKING, WHAT IS NEW IN THIS BUSINESS ETHICS POLICY?</p> <p>[...]</p> <p>This Policy must be easily understandable by all of us, even those not familiar with these subjects. It is intended first for all MBDA employees, but also for all our business partners who must be informed of and aware of MBDA's commitments in this matter.</p>

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
0
Comments
<p>There is no publicly available evidence that the company commits to take an active role in preventing bribery and corruption in its joint ventures, for example, by stipulating provisions for secondments of its senior management, providing specific anti-corruption training or establishing a separate internal audit function.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf</p> <p>[p.9] Mergers and Acquisitions and other alliances [3]</p> <p>The development of MBDA may involve mergers, restructuring or acquisitions of other companies' businesses. Such operations must be conducted while minimizing the risk of MBDA being involved in any corruption allegation or evidenced case that could imply its liability, including where it relates to activity which occurred prior to MBDA being involved in the transaction.</p> <p>To this end, particular attention shall be paid to compliance issues while conducting Mergers and Acquisitions activities, including:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Performing a compliance risk assessment of the future partner or target business (with focus on its anti-corruption measures); and <input type="checkbox"/> Assessing compliance of the target company with MBDA business ethics criteria. Any new entity set up as a result of any M&A operation shall apply this MBDA Business Ethics Policy or put in place a policy in line with it depending on MBDA's participation in such entity (see § 6). <p>Similar attention shall be paid to compliance issues when considering entering into any other kind of cooperation agreements or arrangements such as JVs, Teaming Agreements, MoUs etc.</p> <p>[p.9 footnote] [3] This includes shareholdings and cooperation alliances and agreements such as JVs, Teaming Agreements, MoUs, Marketing Agreements etc.</p> <p>[4] Business Ethics Policy (webpage) Accessed 15/10/2019 https://www.mbda-systems.com/about-us/business-ethics/business-ethics-policy/</p> <p>PRACTICALLY SPEAKING, WHAT IS NEW IN THIS BUSINESS ETHICS POLICY?</p> <p>[...]</p> <p>This Policy must be easily understandable by all of us, even those not familiar with these subjects. It is intended first for all MBDA employees, but also for all our business partners who must be informed of and aware of MBDA's commitments in this matter.</p>

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
0
Comments
<p>There is no evidence that the company specifically addresses the corruption risks associated with offset contracting, nor is there evidence that a dedicated body, department or team is responsible for monitoring its offset activities. Although there is some evidence that the company has policies governing its use of agents for offset contracting, there is no evidence of broader policies and processes in place to mitigate the risks associated with offset contracting as a whole.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.7] Contractual arrangements with Business Advisers</p> <p>To support its future business development and assist its marketing and sales activities, MBDA may engage business advisers. They bring their knowledge of the Territory where we intend to do business, the Customer, the users, the local industrial fabric or of any other subject of interest or value to support MBDA sales activities. They can give guidance and advice on development of business opportunities, strategy to adopt on a commercial campaign, our industrial aims and other MBDA business dealings.</p> <p>Selection, appointment, monitoring and payment of such advisers is governed by strict rules. In particular:</p> <p><input type="checkbox"/> Their competences with respect to the expected mission and their compliance with MBDA business ethics criteria are thoroughly assessed prior to any appointment ("<i>Business Adviser due diligence</i>");</p> <p><input type="checkbox"/> They are assigned clear mission and duties;</p> <p><input type="checkbox"/> They must certify their understanding and compliance with the MBDA business ethics principles;</p> <p>[p.8] <input type="checkbox"/> Their remuneration is among others linked to the complexity of the assigned mission, to their added value, and to benchmark in the market or territory concerned; and</p> <p><input type="checkbox"/> Payments are managed through a rigorous internal approval process and are subject to clear and rigorous substantiation of their activity.</p> <p>The same rules apply to Business Advisers engaged to support MBDA offset activities.</p> <p>[15] Business Ethics Policy – updated (Document) Accessed 19/05/2020 https://www.mbda-systems.com/wp-content/uploads/2020/03/Business-Ethics-Policy.pdf [p.7] 4.1.2.2 Contractual arrangements with Business Advisers</p> <p>To support its future business development and assist its marketing and sales activities, MBDA may engage business advisers. They bring their knowledge of the Territory where we intend to do business, the Customer, the users, the local industrial fabric or of any other subject of interest or value to support MBDA sales activities. They can give guidance and advice on development of business opportunities, strategy to adopt on a commercial campaign, our industrial aims and other MBDA business dealings.</p> <p>Selection, appointment, monitoring and payment of such advisers is governed by strict rules. In particular:</p> <ul style="list-style-type: none"> • Their competences with respect to the expected mission and their compliance with MBDA business ethics criteria are thoroughly assessed prior to any appointment ("<i>Business Adviser due diligence</i>");

- They are assigned clear mission and duties;
- They must certify their understanding and compliance with the MBDA business ethics principles;

[p.8] • Their remuneration is among others linked to the complexity of the assigned mission, to their added value, and to benchmark in the market or territory concerned; and

- Payments are managed through a rigorous internal approval process and are subject to clear and rigorous substantiation of their activity.

The same rules apply to Business Advisers engaged to support MBDA offset activities.

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
0
Comments
<p>There is some evidence on the company has formal procedures in place to conduct due diligence on its offset advisors, through the same procedures outlined for business advisers. However, the company does not clearly indicate that such checks include establishing ultimate beneficial ownership or verifying that the use of an offset agent is based on a legitimate rationale. There is also no evidence that the company's policy on due diligence extends to other aspects of its offset obligations, such as checks on any partner company or companies.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.7] Contractual arrangements with Business Advisers</p> <p>To support its future business development and assist its marketing and sales activities, MBDA may engage business advisers. They bring their knowledge of the Territory where we intend to do business, the Customer, the users, the local industrial fabric or of any other subject of interest or value to support MBDA sales activities. They can give guidance and advice on development of business opportunities, strategy to adopt on a commercial campaign, our industrial aims and other MBDA business dealings.</p> <p>Selection, appointment, monitoring and payment of such advisers is governed by strict rules. In particular:</p> <ul style="list-style-type: none"> • Their competences with respect to the expected mission and their compliance with MBDA business ethics criteria are thoroughly assessed prior to any appointment ("<i>Business Adviser due diligence</i>"); • They are assigned clear mission and duties; • They must certify their understanding and compliance with the MBDA business ethics principles; <p>[p.8] The same rules apply to Business Advisers engaged to support MBDA offset activities.</p> <p>[15] Business Ethics Policy – updated (Document) Accessed 19/05/2020 https://www.mbda-systems.com/wp-content/uploads/2020/03/Business-Ethics-Policy.pdf [p.7] 4.1.2.2 Contractual arrangements with Business Advisers</p> <p>To support its future business development and assist its marketing and sales activities, MBDA may engage business advisers. They bring their knowledge of the Territory where we intend to do business, the Customer, the users, the local industrial fabric or of any other subject of interest or value to support MBDA sales activities. They can give guidance and advice on development of business opportunities, strategy to adopt on a commercial campaign, our industrial aims and other MBDA business dealings.</p> <p>Selection, appointment, monitoring and payment of such advisers is governed by strict rules. In particular:</p> <ul style="list-style-type: none"> • Their competences with respect to the expected mission and their compliance with MBDA business ethics criteria are thoroughly assessed prior to any appointment ("<i>Business Adviser due diligence</i>"); • They are assigned clear mission and duties; • They must certify their understanding and compliance with the MBDA business ethics principles; <p>[p.8] The same rules apply to Business Advisers engaged to support MBDA offset activities.</p>

Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the offset agents, brokers or consultancy firms currently contracted to act with or on its behalf.
Evidence
No evidence found.

Question**8.4 Does the company publish details about the beneficiaries of its indirect offset projects?****Score****1****Comments**

The company publishes some information on its global offset activities on its website, providing some examples of projects. However, this information is not published to a sufficient level of detail that the beneficiary may be identified. It is also unclear whether this list includes all of the company's offset activities, including indirect offset projects, or whether it is current and regularly updated.

Evidence**[9] International Co-operation and Offset (webpage)**

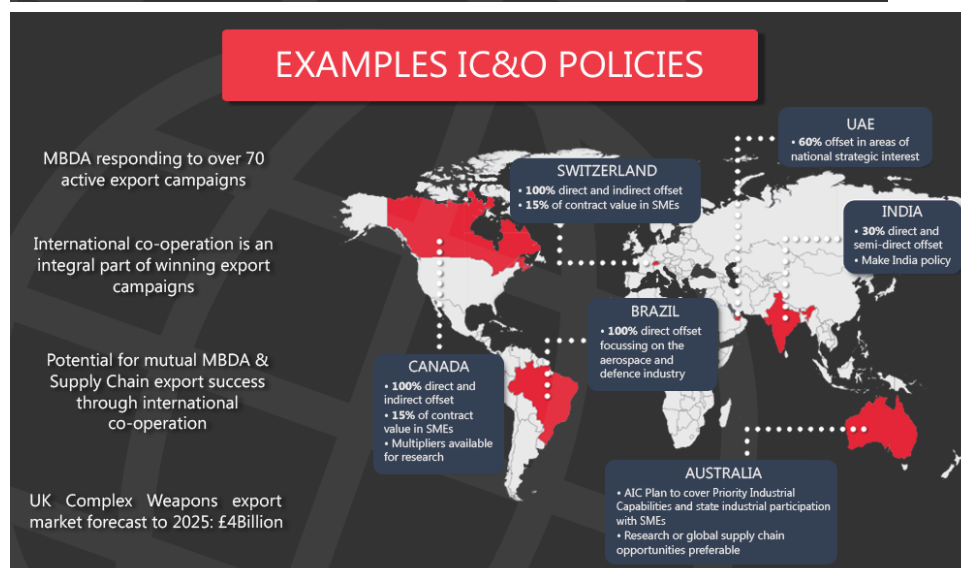
Accessed 15/10/2019

<https://www.mbda-systems.com/suppliers/international-cooperation-offset/>

As a global company, MBDA operates and sells its products to selected governments around the world and engages in various forms of international co-operation as part of its export sales.

International co-operation, industrial participation and offset is often a requirement placed on a company by governments or local champions, to provide industrial, commercial or other economic benefits to a country as compensation for the purchase of equipment or services. The offset obligation is classified as direct (related to products or services sold in the commercial export contract) or semi-direct (related to MBDA activities but not pertaining to the commercial export contract) or indirect (outside of the field of activity of MBDA).

[...]




9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
0
Comments
<p>There is no clear publicly available evidence that the company acknowledges the corruption risks of operating in different markets. The company indicates that its risk assessment procedures includes assessments of market conditions and changes in the regulatory environment, however, it is not clear whether this includes corruption risks and it does not provide any further information on its risk management procedures for different markets. There is also no evidence to suggest that the results of these assessments have an impact on business decisions or trigger the implementation of additional controls.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.7] Risk assessment</p> <p>Risk assessment constitutes the basis for the implementation of our Business Ethics programme by helping us focusing on high compliance risk situations and setting priorities. It also helps planning allocation of appropriate and adequate resources and processes to manage identified compliance risks.</p> <p>Compliance risks are analysed by considering causes and sources of noncompliance and the severity of their consequences (potential impact), as well as the likelihood that noncompliance and associated consequences can occur (probability of occurrence).</p> <p>The compliance 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.</p>

Question
9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?
Score
0
Comments
There is no evidence that the company publishes a list of its subsidiaries and affiliated entities. The company indicates in its Business Ethics policy that it operates through several national companies, however it does not provide publicly available details of these fully and/or non-fully consolidated holdings.
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.5] MBDA is an industry leader and a global player in the missile and missile systems sector.</p> <p>It operates mainly through National Companies, i.e. MBDA France SAS, MBDA UK Limited, MBDA Italia SpA, MBDA Deutschland GmbH, MBDA España SL and MBDA Inc.; and holds shareholders participations in other industrial companies or Joint Ventures.</p>

Question																														
9.3 Does the company disclose its beneficial ownership and control structure?																														
Score																														
2																														
Comments																														
There is evidence that the company publishes information on its major shareholders on its website, indicating that it is owned by three major European companies. There is evidence that all three of these companies are publicly listed on regulated markets as identified in the scoring criteria, and therefore the company is not required to disclose further information on its beneficial ownership to receive a score of '2'.																														
Evidence																														
<p>[8] About Us (webpage) Accessed 15/10/2019 https://www.mbda-systems.com/about-us/ [...] A joint venture of the 3 European leaders in aerospace and defence: Airbus (37.5%), BAE Systems (37.5%) and Leonardo (25%).</p> <p>[11] Financial Times Markets Data – Airbus (webpage) Accessed 09/12/2019 https://markets.ft.com/data/equities/tearsheet/summary?s=AIR:PAR</p> <div><h3>Airbus SE</h3><p>AIR:PAR ▾</p><p>Industrials > Aerospace & Defense</p><table><tr><th>PRICE (EUR)</th><th>TODAY'S CHANGE</th><th>SHARES TRADED</th><th>1 YEAR CHANGE</th><th>BETA</th></tr><tr><td>125.70</td><td>↓ -1.34 / -1.05%</td><td>295.58k</td><td>↑ 41.12%</td><td>1.4684</td></tr></table><p><small>Data delayed at least 15 minutes, as of Dec 09 2019 11:53 GMT.</small></p></div> <p>[12] Financial Times Markets Data – BAE Systems (webpage) Accessed 09/12/2019 https://markets.ft.com/data/equities/tearsheet/summary?s=BA.:LSE</p> <div><h3>BAE Systems PLC</h3><p>BA.:LSE ▾</p><p>Industrials > Aerospace & Defense</p><table><tr><th>PRICE (GBX)</th><th>TODAY'S CHANGE</th><th>SHARES TRADED</th><th>1 YEAR CHANGE</th><th>BETA</th></tr><tr><td>555.32</td><td>↓ -3.68 / -0.66%</td><td>912.86k</td><td>↑ 23.51%</td><td>1.1512</td></tr></table><p><small>Data delayed at least 20 minutes, as of Dec 09 2019 11:56 GMT.</small></p></div> <p>[13] Financial Times Markets Data – Leonardo (webpage) Accessed 09/12/2019 https://markets.ft.com/data/equities/tearsheet/summary?s=LDO:MIL</p> <div><h3>Leonardo SpA</h3><p>LDO:MIL ▾</p><p>Industrials > Aerospace & Defense</p><table><tr><th>PRICE (EUR)</th><th>TODAY'S CHANGE</th><th>SHARES TRADED</th><th>1 YEAR CHANGE</th><th>BETA</th></tr><tr><td>10.51</td><td>↓ -0.105 / -0.99%</td><td>634.85k</td><td>↑ 26.26%</td><td>1.2791</td></tr></table><p><small>Data delayed at least 15 minutes, as of Dec 09 2019 11:58 GMT.</small></p></div>	PRICE (EUR)	TODAY'S CHANGE	SHARES TRADED	1 YEAR CHANGE	BETA	125.70	↓ -1.34 / -1.05%	295.58k	↑ 41.12%	1.4684	PRICE (GBX)	TODAY'S CHANGE	SHARES TRADED	1 YEAR CHANGE	BETA	555.32	↓ -3.68 / -0.66%	912.86k	↑ 23.51%	1.1512	PRICE (EUR)	TODAY'S CHANGE	SHARES TRADED	1 YEAR CHANGE	BETA	10.51	↓ -0.105 / -0.99%	634.85k	↑ 26.26%	1.2791
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Question
9.4 Does the company publish a percentage breakdown of its defence sales by customer?
Score
0
Comments
<p>There is no evidence that the company publishes information on its defence sales by customer. The company indicates that its customers are mainly government authorities or international bodies, but it does not provide a breakdown of its defence sales by customer to any degree of detail.</p>
Evidence
<p>[3] Business Ethics Policy Accessed 15/10/2019 https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf [p.5] Our Customers are mainly governmental authorities or international bodies (such as Ministries of Defence, Armed Forces, NATO etc.). We can deal directly with them or via platform manufacturers (aircraft manufacturers, shipyards, land vehicle manufacturers) or other system manufacturers.</p> <p>[8] About Us (webpage) Accessed 15/10/2019 https://www.mbda-systems.com/about-us/</p> <p style="text-align: center;">MBDA Financial Results 2018</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <div style="background-color: #f0f0f0; padding: 10px; border: 1px solid #ccc;"> <div style="font-size: 24px; font-weight: bold; color: #c00000;">4.0 bn €</div> <div style="background-color: #c00000; color: white; padding: 5px; font-weight: bold;">ORDERS</div> </div> </div> <div style="text-align: center;"> <div style="background-color: #f0f0f0; padding: 10px; border: 1px solid #ccc;"> <div style="font-size: 24px; font-weight: bold; color: #c00000;">3.2 bn €</div> <div style="background-color: #c00000; color: white; padding: 5px; font-weight: bold;">REVENUE</div> </div> </div> <div style="text-align: center;"> <div style="background-color: #f0f0f0; padding: 10px; border: 1px solid #ccc;"> <div style="font-size: 24px; font-weight: bold; color: #c00000;">17.4 bn €</div> <div style="background-color: #c00000; color: white; padding: 5px; font-weight: bold;">BACKLOG</div> </div> </div> </div> <div style="margin-top: 20px;">  <div style="position: absolute; top: 10%; left: 35%; color: #c00000;"> <p>> 11 000 EMPLOYEES</p> <p>6 COUNTRIES</p> <p>> 90 CUSTOMERS</p> </div> </div>

10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score
N/A
Comments
N/A
Evidence

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
N/A
Comments
N/A
Evidence

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
N/A
Comments
N/A
Evidence

Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
N/A
Comments
N/A
Evidence

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
N/A
Comments
N/A
Evidence

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Document	Code of Ethics	15/10/2019	https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Code-of-Ethics-uk.pdf
02	Webpage	Code of Ethics	15/10/2019	https://www.mbda-systems.com/about-us/business-ethics/code-of-ethics/
03	Document	Business Ethics Policy	15/10/2019	https://www.mbda-systems.com/wp-content/uploads/2015/12/2015-Business-Ethics-Policy.pdf
04	Webpage	Business Ethics Policy	15/10/2019	https://www.mbda-systems.com/about-us/business-ethics/business-ethics-policy/
05	Webpage	Business Ethics	15/10/2019	https://www.mbda-systems.com/about-us/business-ethics/
06	Webpage	Business Ethics Organisation	15/10/2019	https://www.mbda-systems.com/about-us/business-ethics/ethics-organisation/
07	Document	Corporate & Social Responsibility Report 2018	15/10/2019	https://www.mbda-systems.com/wp-content/uploads/2019/05/MBDA-CSR-Report-2018-online.pdf
08	Webpage	About Us	15/10/2019	https://www.mbda-systems.com/about-us/
09	Webpage	International Co-operation and Offset	15/10/2019	https://www.mbda-systems.com/suppliers/international-cooperation-offset/
10	Webpage	Suppliers	15/10/2019	https://www.mbda-systems.com/suppliers/
11	Webpage	Financial Times Markets Data - Airbus	09/12/2019	https://markets.ft.com/data/equities/tearsheet/summary?s=AIR:PAR
12	Webpage	Financial Times Markets Data - BAE	09/12/2019	https://markets.ft.com/data/equities/tearsheet/summary?s=BA.:LSE
13	Webpage	Financial Times Markets Data – Leonardo	09/12/2019	https://markets.ft.com/data/equities/tearsheet/summary?s=LDO:MIL
14	Document	Code of Ethics – updated	19/05/2020	https://www.mbda-systems.com/wp-content/uploads/2020/03/MBDA-Code-of-Ethics-2020-report_UK.pdf
15	Document	Business Ethics Policy – updated	19/05/2020	https://www.mbda-systems.com/wp-content/uploads/2020/03/Business-Ethics-Policy.pdf
16	Document	Management of Allegations Process	19/05/2020	https://www.mbda-systems.com/wp-content/uploads/2020/03/Management-of-Allegations-Process.pdf
17	Document	Donations and Sponsorship Policy and Procedure	19/05/2020	https://www.mbda-systems.com/wp-content/uploads/2020/03/DS-Policy.pdf
18	Document	Gifts and Hospitality Policy and Procedure	19/05/2020	https://www.mbda-systems.com/wp-content/uploads/2020/03/GH-Policy.pdf
19	Document	Supply Chain Business Ethics	19/05/2020	https://www.mbda-systems.com/wp-content/uploads/2020/03/Supply-Chain-Business-Ethics-Policy.pdf
20	Document	Due Diligence in M&A	19/05/2020	https://www.mbda-systems.com/wp-content/uploads/2020/03/Due-Diligence-in-MA.pdf
21	Webpage	Open Secrets – Search “MBDA”	22/12/2020	