



**CORPORATE
& SOCIAL
RESPONSIBILITY
REPORT 2018**

MBDA
MISSILE SYSTEMS

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This is MBDA's tenth annual *Corporate and Social Responsibility Report* covering the calendar year 2018.

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Report compiled and edited by Group Directorate Business Ethics and Corporate Responsibility.

Please send questions by email to:
ethics-csr@mbda-systems.com

Antoine Bouvier, CEO



Corporate Social Responsibility

An organisation must conduct its business in a way that is ethical, legal and looks out for the welfare of its employees, customers and community.

“ As a multinational company operating in many different domains, Corporate and Social Responsibility (CSR) continues to be an intrinsic part of our business. During 2018, working under the umbrella of our CSR framework initiatives, we made excellent progress through our continued commitment to our employees, our customers and the communities within which we operate.

At the heart of our company are our employees, who work in skilled teams to deliver our achievements. We operate in a highly competitive skills marketplace and our ability to attract, retain and develop the best people is fundamental to our continued success. We also look to the future and place importance on inspiring tomorrow's engineers through a variety of activities and programmes. These opportunities are instrumental in motivating and inspiring young people to pursue careers in science, technology and engineering.

Innovation is a core value for our company and important to the success of our technological advancements. We achieve this by encouraging our employees to explore their creativity and bring out the best in each other through a variety of innovative challenges. Responsibility remains at the forefront of all that we do and as modern technology advances, from cobotics to artificial intelligence, we, as a player in this transformation, remain ethical in our approach at all times.

Through the strength of leadership in our company we maintain our commitment to anti-corruption. We encourage a strong organisational culture of integrity in all layers of our business and this is reflected in our company values and our business actions.

Excellence at your side

MBDA's drive towards operational excellence has been fundamental in establishing the future model of European cooperation, in developing new customer partnerships to ensure sovereign capabilities and in providing the accessible global market with leading guided weapon systems solutions.

With an ever changing political landscape, we remain fully committed to, and in compliance with all the laws and regulations which govern our export sales activities. This, we continually review, working with the relevant governments who operate robust export control regimes.

In this report, we feature highlights of the company and our employees' collective CSR achievements. Operating in a world where CSR has never been more central to the corporate agenda than it is today, we continue to work in an honest, ethical and transparent way as we deliver critical capability to our customers worldwide. We are pleased to play our small but important part in shaping tomorrow's world, creating a company that our employees are proud to work for.

”

A stylized, handwritten signature in white ink, likely belonging to Antoine Bouvier, the CEO. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Executive summary

With over 11,300 employees across our business, our responsibility as a global citizen begins with our people and extends to the communities that we work with in Europe and beyond. Our core values of Innovation, Commitment, Integrity, Passion and Team Spirit, continue to guide our actions and provide a foundation for our employees' behaviour.

2018, was a positive year in successfully integrating over 1,200 permanent employees into our workplace, whilst maintaining a high level of employee motivation and engagement. This was also reflected in the results of our bi-annual Employee Opinion Survey, which highlighted some positive change. Recognition of our company excellence was celebrated through a number of national accolades; our highlights being recognised in the UK by 'The Sunday Times Top 25 Best Big Companies to Work For', in France as a Top Employer by the Top Employers Institute and in Germany as one of the best employers in the 2018 Focus Magazine.

Our positive Health & Safety culture and risk mitigation strategies has also had encouraging results, with a reduction in our Reportable Accident Rate and zero pyrotechnical accidents maintained.

As a company we embrace the value of integrity through our Code of Ethics, continuing to apply this daily to our internal and external business activities. In 2018, we advanced our approach to anti-corruption, through evolved risk assessments and supply chain practices. As new and tougher anti-corruption regulations continue to emerge worldwide, we adapted our robust Anti-corruption Policy and continued to educate our employees in this domain.

Last year, we supported a diverse mix of worthy charitable causes central to our business and in particular military charities, education and our local communities. MBDA has consistently dedicated itself to being a good corporate citizen and continues to do so under the strong framework of our six key CSR initiatives; our achievements – a reflection of our drive for excellence in everything that we do.

“Our CSR achievement is a reflection of our employees' talent, innovative company culture and drive for excellence in everything that we do.”

– Helen Kersley-Allinson
Group Head of Corporate Responsibility



Playing our small but important part in shaping tomorrow's world

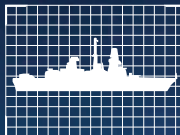
AIR
DOMINANCE



BATTLEFIELD
ENGAGEMENT



MARITIME
SUPERIORITY



GROUND BASED
AIR DEFENCE



Who we are

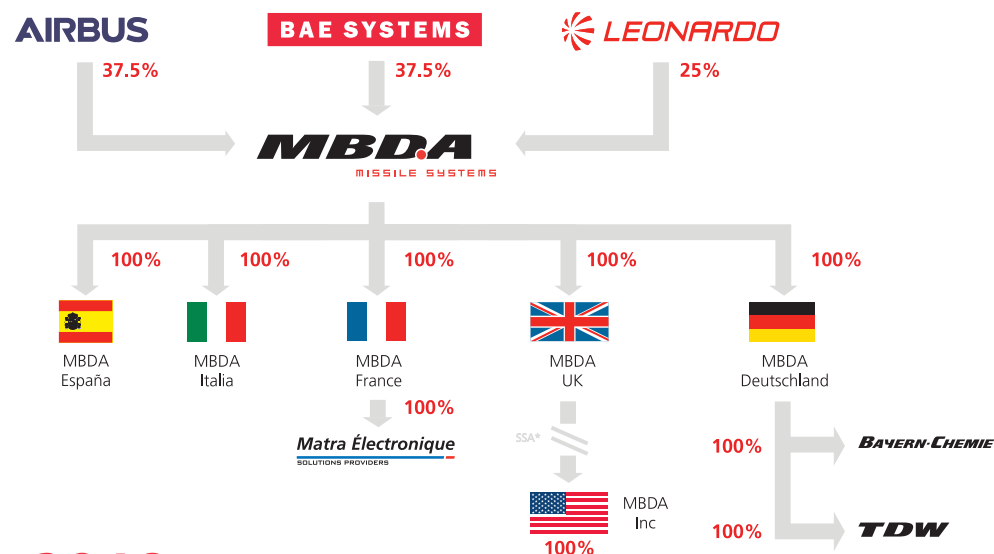
MBDA – a European champion in missiles and missile systems

With a significant presence in five European countries and within the USA, and with more than 90 armed forces customers in the world, MBDA is a world leader in missiles and missile systems.

We are the only European group capable of designing and producing missiles and missile systems that correspond to the full range of current and future operational needs of the three

armed forces: land, sea and air. In total, the Group offers a range of 45 missile systems and countermeasure products already in operational service, and more than 15 others currently in development.

MBDA is jointly held by three major shareholders: Airbus (37.5%), BAE Systems (37.5%) and Leonardo (25%).



2018

Strong financial performance

Revenue €3.2 Bn

Order intake €4.0 Bn

Order book €17.4 Bn



*Legal agreement with the US DoD to undertake activities under a Special Security Agreement and to have confidentiality authorisations to conduct classified activities in the United States.

Our Vision, Mission, Strategy & Values

Our Vision

To be the European Missile Systems Champion and a Global player.



Our Mission

To operate as a trusted part of the defence community in our home nations and with their allies: providing decisive military capability to protect national security and enable strategic independence.



Our Strategy

1

Developing a partnering relationship and securing access to sovereign capabilities for our home nations.

2

Promoting programme cooperation and industrial consolidation in Europe.

3

Growing export sales and building up strategic partnerships outside Europe with our home nations' allies.

4

Continuing development of a competitive and high performance offering across all missile and missile systems domains.

5

Delivering operational excellence and maintaining industry leadership.

Our Values



INNOVATION

Ensuring operational and strategic advantage.



COMMITMENT

Always delivering on our promises.



TEAM SPIRIT

Harnessing our diversity and collective purpose to deliver competitive advantage to all of our stakeholders.



PASSION

Applying all our energy and focus to every task, recognising our role in providing mission critical capabilities.



INTEGRITY

A reliable and trusted partner with the highest professional and ethical standards.

“Through our framework of Corporate and Social Responsibility, we ensure that our business, in each of our five domestic home countries, operates in an ethically sound and responsible manner, creating conditions for engaged talent and constant innovation whilst delivering operational excellence.”



Image left to right: Stéphane Reb – Executive Group Director Programmes, Chris Allam – Executive Group Director Engineering and Managing Director, Pasquale di Bartolomeo – Executive Group Director Sales & Business Development and Managing Director MBDA Italy, Thomas Gottschild – Executive Group Director Strategy and Managing Director MBDA Germany, Antoine Bouvier – Chief Executive Officer, Peter Bols – Chief Finance Officer, Craig Murray – Group Director Human Resources, Gianni Bongianini – Chief Technology and Performance Officer, Denis Ballet – Group Director Operations.

Our corporate and social focus – six principal domains

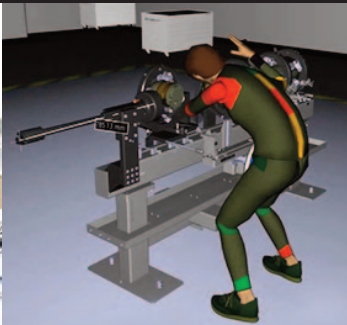


Providing assurance to our customers and shareholders

PAGE 10

Our primary obligation is to provide assurance through an internal network of assurance providers.

We have a systematic approach to assess the effectiveness of the design and execution of our internal controls.



Responsible business

PAGE 23

As a global company, we continue to innovate and evolve with the next generation of sophisticated technology.

We remain ethical and responsible in our approach at all times in both our technological advancements and our customer partnerships.



Business ethics

PAGE 27

Being a European leader and global player in the missile and missile systems market, our business activities must be beyond reproach.

The relationship between ethics and international business is extensive and can be impacted by local perceptions, legislation, values and beliefs.



Company giving and community engagement

PAGE 31

We strive to be a partner in the communities in which we operate.

We promote support to good causes and society in general.



Our people

PAGE 37

We believe our people are our greatest asset.

We actively encourage an inclusive and diverse culture.



Environmentally responsive

PAGE 45

We recognise our responsibility to the global community and, through our business decisions, we strive to reduce our carbon and environmental footprint wherever possible.



Providing assurance to our customers and shareholders

Our primary obligation is to provide assurance through an internal network of assurance providers.

We have a systematic approach to assess the effectiveness of the design and execution of our internal controls.

Risk management

Risk Management is a fundamental part of how we operate. It is embedded in our daily operations at all levels of the business, including aspects related to health and safety, security, environmental, product, contractual, stakeholder and financial.

MBDA has a new risk management tool the roll out of which was finalised during 2018. The tool is a database of all identified risks along with the mitigation strategy for the risk, which is reviewed by management. In addition to the management of risks, MBDA also seeks out operational assurance self-assessment from its various entities on aspects similar to those noted above eg. Health and Safety.

In 2018, we have continued our risk mitigation activities including the annual programme of crisis management training and exercises across our sites, testing our ability to respond to an incident. Business continuity assessments continued during 2018 identifying key assets and how the business would go forward if something unplanned happened to those assets. In addition, we renewed our insurance policies ensuring a secure layer of protection from financial loss. As part of our policies, our insurers visit our sites to conduct their own assessment of MBDA's risk management of our assets.



Internal audit

Internal Audit is uniquely positioned within the organisation and is solely responsible for providing global assurance to the audit committee and MBDA senior management.

Our activities are designed to evaluate and recommend areas for optimising the effectiveness of our business operations including internal controls and governance in an independent, systematic and objective manner, utilising a broad range of tools and techniques to help deliver a consistent approach. Internal Audit is part of a wider network of assurance providers, both internal and external to MBDA that includes Business Ethics, Legal, Security and Quality Assurance where the 'Three Lines of Defence' model is adopted:

1 First line of defence – operational control. Functions own and manage risk through their internal control mechanisms.

2 Second line of defence – oversight. Functions such as Risk Management, Quality Assurance, Compliance and Health and Safety oversee or specialise in risk management and/or compliance.

3 Third line of defence – independent and objective assurance. As a function, internal audit provides independent assurance.

All three lines work effectively with each other and with the Audit Committee in order to create the right conditions to manage the associated risks. In addition, an Enterprise Risk Management approach ensures that risks, and in particular emerging risks that may pose a new threat to our business, are identified and included within the annual planning.

In 2018, Internal Audit achieved the following results:

- Number of audit reports released: **16**
- Number of recommendations issued: **98**
- Number of recommendations closed by the business: **69**

The main topics addressed through audit were our Financial Control Environment, Ethics Policy, Bid Lifecycle Effectiveness, Knowledge Management, IT Systems Governance and Security and our Newcomers Process.



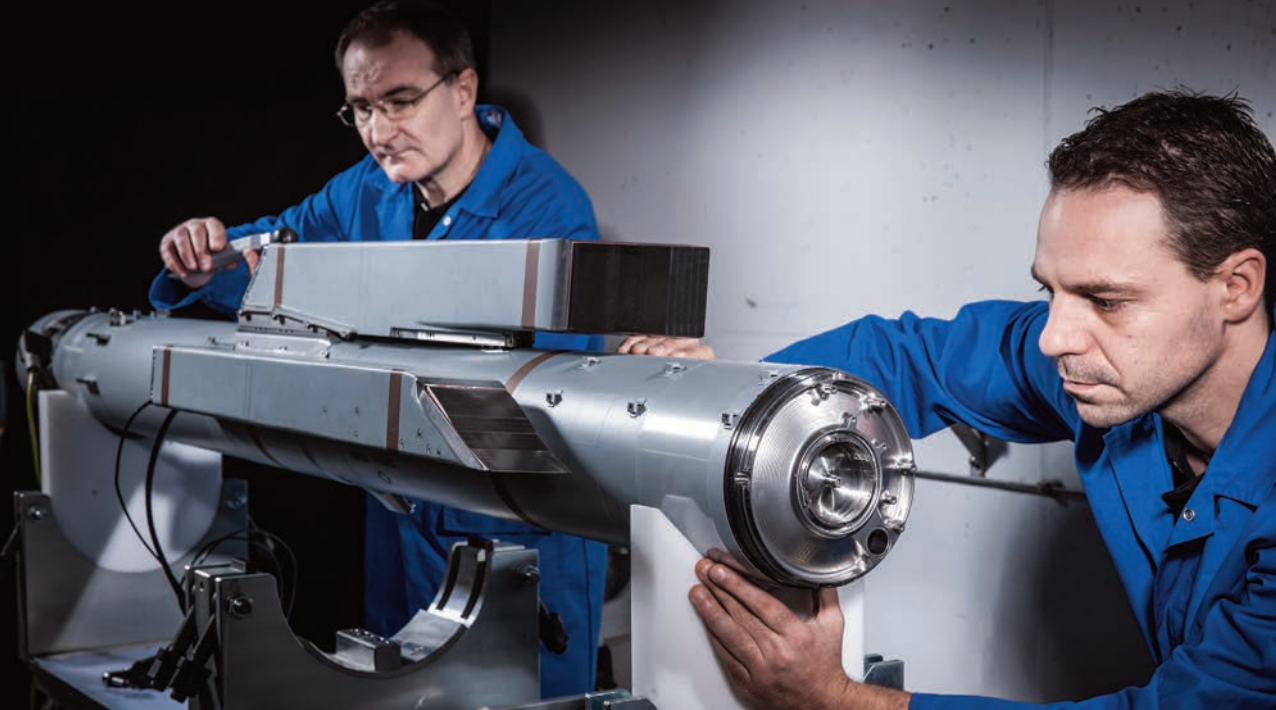
2018 internal audits by domain



- Addressing MBDA risk register
- Business operations
- Company governance
- Financial control environment



We make continuous, decisive efforts to enhance product quality and to reinforce our quality management system



Quality audit

Quality Audit provides a systematic evaluation of our Business Management System (BMS) and work practices. It aims to provide our customers, senior management, certification bodies and Shareholders with confidence in MBDA's products and processes.

Quality audits continue to be an agent of change for us, adding real value to our quality management processes. The audits objectively confirm that the BMS meets our overall strategy, business objectives and conform to product requirements, customer requirements, applicable, statutory and regulatory requirements and international standards.



Quality assurance

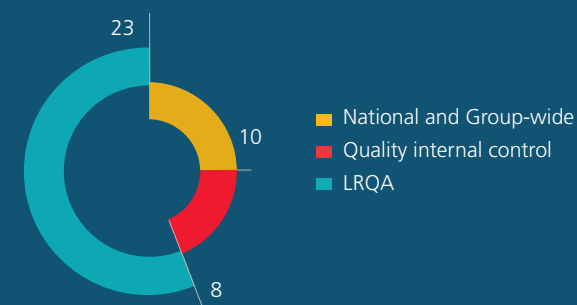
Quality is one of our core characteristics. It determines how we approach our business on a daily basis, it defines the behaviour of our people and our standards. Our dedication to quality is further embodied in our commitment, integrity and team spirit values, which constitutes what our business believes in and practices. Our quality framework is a model for continuous improvement, all of our business directorates are engaged in quality assurance processes which has developed a culture of quality across their respective functions.

In 2018, our newly restructured quality organisation – an integrated and independent Directorate covering all the quality activities across the whole Group, continued to excel in providing quality support across the business.

We were successful in achieving our Quality certification renewal, with the approval by the LRQA – Lloyd Register, to the latest versions of EN 9100:2018 and ISO 9001:2015 standards. EN 9100 is the worldwide benchmark standard, based on ISO 9001, specifically designed for Aviation, Space, and Defense organisations by the International Aerospace Quality Group (IAQG®), adding industry specific requirements. Our Business Management system is continually updated with more effective policies and procedures based on our lessons learnt with our development and production processes consistently optimised. This commitment to excellence has seen MBDA build its reputation as a high quality and advanced manufacturer of precision defence equipment.

Through the SAP Quality Management (QM) tool, we launched the development of the Incense tool, which better facilitates international non-conformance management and a new set of metrics have been implemented as a result.

2018 quality audit statistics



Assurance through our supply chain

MBDA has a Manage Supply Chain multicycle process that provides a common framework for our organisation and control of our relationships with the supply chain.

The process ensures that the management of the supply base results in acquisition and delivery of goods and services of a high-quality standard for the benefit of our business and the lifecycle of our products. The key driver of our supply chain approach is maintaining industrial capability, the operational flow of goods and services and sustaining good performance through the lifecycle.

Supply chain innovation

In order to recognise innovation opportunities in our Supply Chain, we have a structured approach called Explore, Engage and Endure (E3). E3 is a global scheme for partnering with innovating SMEs, structured around three axes:

- **Explore:** Consistent and efficient screening, targeting and capitalisation of innovative SMEs
- **Engage:** Defining and implementing strategic engagement with the critical innovative SMEs
- **Endure:** Securing sustainable relationships and durable access to the SMEs technologies along our project lifecycle.

This policy aims at reinforcing MBDA's ability to innovate with its partners in an agile and sustainable manner, while taking its responsibilities in developing the Defence Technological and Industrial Base in our customer countries. E3 ensures that innovation and SMEs play a central part in the innovation strategy across MBDA, this is from the conception of novel technologies to the development of new products and the insertion of technology in existing products.

In order to efficiently manage the information on potential new innovation partners, a collaborative platform is being deployed to enable all employees dealing with external innovators to create, follow and share their customised pool of innovative SMEs and monitor the status of collaborations and partnerships.

Supply chain automation

Our new e-Procurement system is an end-to-end suite of procurement modules which will give us a unified platform for our sourcing and procurement needs across the source-to-pay process. This is designed to be used for all of our 'Indirect' procurement.

This tool reduces our time gathering and analysing data and gives us better visibility of our suppliers, helping us to become more efficient and improving our overall supplier transparency and data quality. The tool provides a dedicated portal for suppliers to easily manage their information as well as participate in sourcing, contract negotiation and follow-up orders.



All of our supplier relationships are undertaken with honesty and integrity



At MBDA, we see suppliers partnering with us, in a joint effort to develop tomorrow's solutions, today



As a global leader in a complex industry, we want to forge successful relationships with our suppliers built on mutual development, flexibility, integrity and competition

Procurement and supply chain academy

Similar to many other multi national businesses, we have a complex and evolving procurement and supply chain environment driven by the need for globalisation, increased levels of regulation and legislation, growing exposure on risk and commercial liabilities and progressive change of the landscape. The challenging demographic and diversified procurement approach has led to a need for commonality of skills, capitalisation on best practices and effective knowledge transfer.

As a result in 2018, MBDA successfully launched its Procurement and Supply Chain Academy. The aim was to maintain and enhance our competitive edge, improve both our own efficiency and that of our suppliers and maximise the opportunities in our global supply chain.

The structured training and development programmes ensure that our teams have a greater understanding of their responsibilities in their roles and the opportunity to build their confidence and strengthen their knowledge and skills.

This training is delivered in a blended learning environment, an effective combination of best-in-class classroom training and digital learning supported by 'on-the-job' learning, mentoring and coaching.





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

Managing supply chain risk

We have a strong and well-established commitment to responsible business conduct, our internal processes demonstrate our dedication to transparency and ensuring that good supply chain practices are in place. We work with our active suppliers to ensure they have appropriate systems and risk mitigation strategies in place to assess not only their own business but also their sub-tiers.

We focus on proactive supply chain management based on world-class processes and tools to help mitigate any risks and improve performance. We also make clear to our suppliers our expectations of managing their businesses ethically and sympathetically to our environment.

Our Supply Chain Risk Management model is based around seven key risk areas creating a risk profile for each supplier at the earliest possible opportunity. This approach is aimed at improving the early identification, prevention and mitigation of supply chain risk in order to ensure a sustainable and high performing supply chain.

For example, we have developed a number of protection mechanisms to ensure that counterfeit components do not enter our supply chains and as a result our products. As part of refreshing of our Group wide policies, we have developed a comprehensive communications programme, which includes awareness training sessions to all involved employees across the Group. Our employees provided positive feedback to this training, which has improved their awareness when managing suppliers and identifying potential risk in this domain. This was subject to a recent audit where we were commended on our advance training and the strength of our approach.

It is important that all of our Procurement and Supply Chain personnel are aware of supplier fraud risks and are able to recognise and report potentially fraudulent activity. It is equally important that we limit our financial, business and reputational risk, so we regularly track and assess our suppliers' financial performance. We are also training and educating our Procurement and Supply Chain staff to ensure that they are aware of the potential dangers of Supplier Fraud and can recognise possible attempts at fraudulent conduct.

We have a Group Supply Chain Cyber Security Policy which is being applied to our current activities and existing processes. The objective of this policy is to determine the obligations, rules or recommendations to consider ensuring the appropriate cyber risk mitigation of our supply chain activities including supplier assessment, contracts and purchase orders.

“ We must never forget that innovation, which is a core value for our company, is not an objective in itself but the way to grow, to develop our business, to better serve our customers and secure long term success and development. ”

– Antoine Bouvier, CEO

680 IDEAS
OVER
SUBMITTED IN
2018
ACROSS
CHALLENGES
& THROUGH
SPONTANEOUS ACCESS

Assurance in innovation

Preparing tomorrow's business

Innovation is one of the five MBDA key values – we continue to encourage and enable people's creativity and ideas and promote a business culture of innovation in a fast moving technological landscape. We offer the opportunity to nurture creativity, explore new ways to bring out the best in each other sharing best practices whenever we can.

The identification of emerging opportunities for capabilities and products is a significant aspect of our business, to enhance the future MBDA portfolio so that it meets new market requirements.

All employees are encouraged to express their promising ideas through the company's 'IDEA' scheme, which promotes creativity and entrepreneurship in all areas within MBDA. New ideas and new thinking are critical to success in today's complex, competitive and fast moving business environment. This is why we view innovation as a key driver for our growth, success and competitive advantage.

MBDA Innovation Lab

The MBDA Innovation Lab is a light and flexible funded project with a fast decision loop to allow the maturation of innovative ideas, where risk taking and failure are accepted. The three values of the Innovation Lab are: reward the innovative behaviour, go beyond the ideas box and be collaborative. The Innovation Lab provides the opportunity for employees to obtain crowdsourcing of innovation

and creativity, to contribute to the technology and support open innovation. Since 2012, 600 ideas have been submitted and 150 have won funding. This innovation initiative allows us to better collaborate with external partners and to boost value creation through innovation.

30 TOPICS
FUNDED OVER 100 PROPOSALS

In 2018, we held another successful Innovation Lab Corner exhibition. This was a wonderful opportunity for the Innovation Lab project leaders to present the outcome of the previous campaign to everyone, from the new employees of our business to our CEO – Antoine Bouvier – who also took the opportunity to visit all the stands.

23 projects were adopted as part of the 2017/2018 campaign and these were on show at the mini-exhibition in Le Plessis Robinson. There were many visitors to the stands, keen to find out more about these innovations, all of which have been developed over one or even two years in the 'MBDA Innovation Incubator.' Employees had the opportunity to talk directly with project leaders regarding Innovation Lab topics and processes; this continues to help promote wider interest and encourages the submission of more Innovation Lab projects in the future.

MBDA Innovation Awards



The MBDA Innovation Awards are the pinnacle of recognition, celebrating world-class technical mastery within every domain of our business.

In April 2018, MBDA held its 2/3-star Innovation Award Ceremony showcasing and recognising the very best of innovation across MBDA. The high-profile celebrations saw the presentation of 15 2-star Innovation Awards presented along with awards for Best Idea, Best Patent, Best Cooperation and the Best Improvement project with presentations made by members of the Management Committee.

All of the nominations demonstrated expertise and mastery, which are the benchmark criteria for 'innovation excellence' within our company and they also displayed a passion within the successful teams to think and act differently within their working environment plus a desire to assess, manage and take risk in developing a technical solution.

The Awards Ceremony concluded with the presentation of the 3-star Innovation Award to the MatriX Project winning team. MatriX is the first MBDA common engineering eco-system, connecting and controlling the Company's engineering information whilst allowing freedom of exploration for 7,000 engineers across the MBDA countries and multiple networks.

MBDA has a proud 50 year heritage of innovation. We continue to recognise and reward innovation to ensure that we remain a world-class company, continually innovating and growing our business for tomorrow's world.



“ The MatriX team is incredibly proud to have won the 3-star award for Innovation. With strong competition from a number of high quality entries, it is recognition of the significant contribution of MatriX to the future of MBDA. As well as innovation, the multi-disciplinary, multinational team demonstrated all of MBDA's values, with commitment, passion and team spirit shining through. This innovation is having positive impact on more than 7,200 employees and is a major element of MBDA's Digital Continuity programme. ”

– Greg Bull, MBDA Group Head of Operations
Transformation & Governance

1
**THREE-STAR
INNOVATION
AWARD**

15
**SUCCESSFUL TWO-
STAR INNOVATION
AWARDS**

**INNOVATION AWARD
NOMINATIONS FOR
252
PROJECTS**

1,514
**EMPLOYEES
INVOLVED IN
THE PROCESS**

Open Innovation

In 2018, we continued to increase our engagement in Open Innovation. We set up a corporate venture capital activity and started to invest in new promising technologies developed by start-ups and small and medium-sized enterprises (SMEs). As part of its initiative E3 (Explore, Engage, Endure), aimed at developing its activity with innovative SMEs and labs, we increased the search for new technologies, analysing more than 200 new innovative start-ups and SMEs annually, addressing fast developing technology domains such as artificial intelligence, new sensors, human computer interfaces and cyber security. We also began to mobilise our workforce by launching new focused internal challenges, open to all employees, to capture the best ideas to address new business opportunities such as big data analytics. Hundreds of proposals have been made by our employees and the best proposals are being funded for further development.

In 2018, we began work on some very interesting proof of concepts across a number of domains:

AI for design – Cooperation with a company, providing AI assisted software, to engineer complex products. The principle being to use 'deep-learning' on aerodynamic or mechanical simulations to reduce the number of simulations required to design a product.

Human Machine Teaming – Prototyping a system monitoring a human/machine interaction, checking that the actions of the human operator and the machine are consistent.

Digital twins – Assessment of a system improving mechanical trials, utilising Digital Image Correlation, to improve the way CAD and trials are reconciled.



In 2018, we prepared for Techinnov, a key networking event for innovation decision-makers, to be held in Paris in 2019. MBDA France, in partnership with Airbus, will take part in the event, which will welcome 500 exhibitors with start-ups and SMEs who will be presenting their innovative projects to the MBDA team.

In parallel, a Defence Open Innovation challenge was launched in collaboration with Airbus to identify innovative start-ups/SMEs that are developing potential solutions for the future of MBDA products and addressing our defence needs but above all to foster the defence innovation ecosystem.

Security

People remain MBDA's most critical asset and there is a continuing focus by the Security teams on creating the most secure working environment possible for employees. Increasingly, this environment is changeable and is no longer restricted exclusively to MBDA's own sites. It can include the different locations on a business trip, austere trial environments, or even working from home. Security solutions are adapting to these environments through the use of pragmatic and, where necessary, localised measures to ensure we retain the confidence of our customers and National Security Authorities.

As MBDA continued to seek new and innovative ways of operating in 2018, the Security teams across the Company have also sought to keep pace with change by providing business-enabling solutions to security challenges. For example, the increased demand for cloud-based services in MBDA resulted in a new security policy providing guidance for those managers and users of cloud systems. Additionally, cyber threats emanating from the internet-facing elements of MBDA's infrastructure and manufacturing processes have remained under constant review so mitigation measures can be quickly implemented.

Equally, the range of internal on-line platforms to promote key security messages to employees continues to expand. In addition to providing new arrivals to MBDA with essential information during their induction phase, a 'through-life' approach to security awareness is being adopted. This ensures that as security threats evolve during an employee's career, they continue to have access to both online and face-to-face security advice when needed.

The demand to be able to securely exchange sensitive information with trusted partners in the pursuit of business objectives is greater than ever. Accordingly, new methods of information transmission are being assessed to ensure MBDA can meet challenging business timeframes and customer expectations. In 2018 additional point-to-point connections were created in support of bilateral MBDA projects, with further requests being evaluated.

Looking ahead, MBDA will continue to consider ways to improve existing security measures, including the use of biometrics and enhanced network monitoring software. Where necessary external partners, such as travel security specialists, will be utilised aligned to each Natco's needs. Critically, all measures will be under-pinned by a programme of training and exercises scheduled throughout 2019 involving Security teams to ensure contingency plans remain well-coordinated and effective in dealing with security threats.





Responsible business

The rapid development of advanced technology will continue to have a profound influence on businesses, society and people in the world both today and tomorrow.

As a global company, we continue to innovate and evolve with the next generation of sophisticated technology, such as cobotics and the innovation of artificial intelligence, whilst keeping mindful of the consequences and risks. We remain ethical and responsible in our approach at all times, working with the relevant governments, in both our technological advancements and our customer partnerships.



Responsible use of Artificial Intelligence (AI)

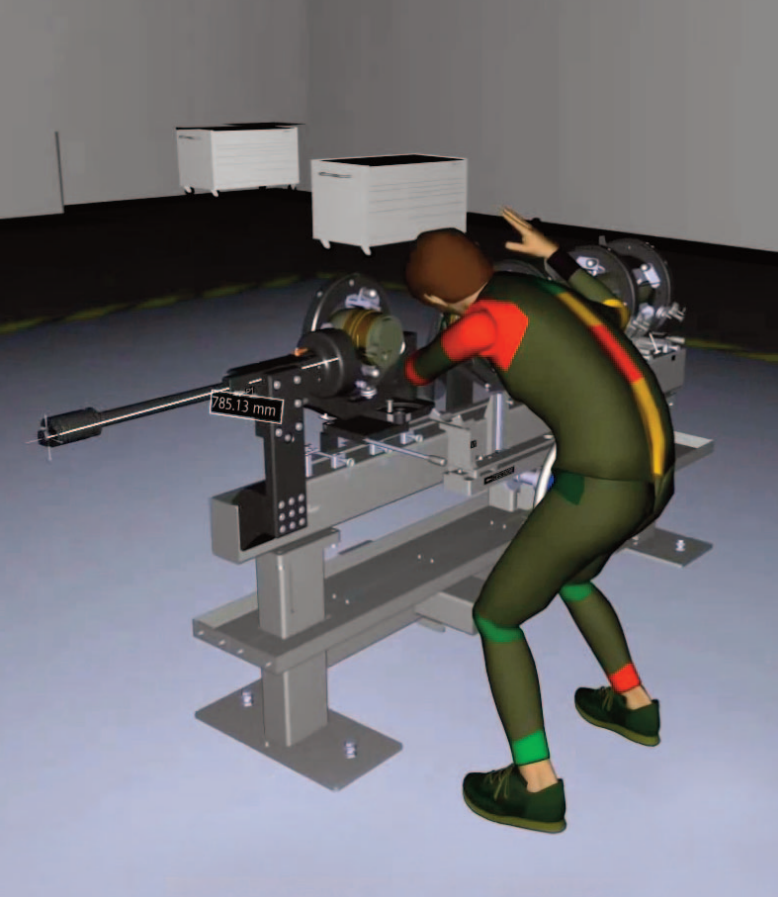
AI is an area of computer science that emphasises the creation of intelligent machines that work and react in complex environments. AI systems can display rational behaviour by analysing their environment and taking action, with some degree of autonomy, to achieve specific goals and as such offer huge potential to the defence sector.

MBDA believes that AI and related technologies could have the potential to achieve a transformative step in weapon system design, development and performance; as such it is a key emerging technological area for us.

Whilst exploring the potential for future use, we respect and agree with our customers' positions, expectations and mandates on the responsible use of AI technology in weapon systems. Our projects must retain meaningful decision making, and as such decisions supported by AI must be understandable, explainable and compatible with customer and company ethics. We continue to work in partnership with our respective customers and as a company we act as a responsible member of society, adhering to all applicable rules and regulations. In this rapidly evolving field, we continue to invest in AI through a variety of private venture programmes. We are involved in the research, development, maturation and implementation of AI and related technologies in a range of contexts and maturity levels whilst being mindful of the responsibility and potential security and data protection risks at all times.

We remain ethical and responsible in
our approach as the next generation
of sophisticated technology evolves





Tomorrow's World – Cobotics

Cobotics – the collaboration between a person and a robot is a promising new field, particularly in the Aerospace and Defence sector, and is becoming an increasingly utilised technology in MBDA. In terms of repeatability, precision and strength, it allows the advantage of a robot to be combined in a shared workspace with our employees' skills, such as know-how and decision making. Importantly, employees' detailed observation skills are utilised to manage the most complex part of the assembly.

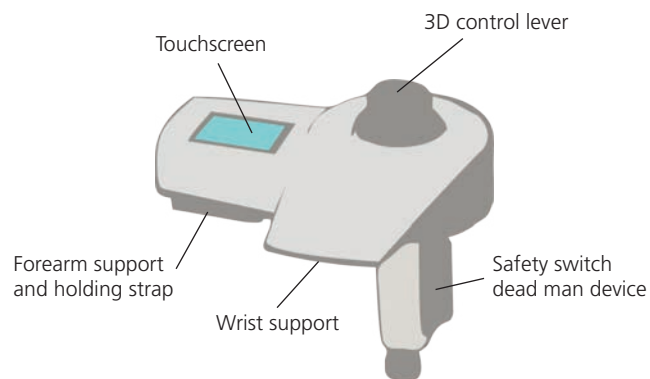
This technological development is part of our 'Factory of the Future,' where we are preparing our factories and supply chain for a future that will require greater quantities of production in smaller time frames with more flexibility and greater management of variants.

The installation of robots and cobots in MBDA has many benefits including our aim to reduce the health and safety risks to our employees, as a priority. Like many businesses, our manufacturing lines involve repetitive actions that have the potential to strain human limbs. The long-term impact on employees can be hard to predict with respect to musculoskeletal disorders.

With the use of cobots this can be alleviated. An example of this is a cobot supporting the operator in a dismantling activity: a 6-axis robot is coupled with a control box, specifically designed and developed to allow the operator using the robot to run predefined operational sequences and when necessary adjustments to be made. The control box is provided with a touch MMI (Man Machine Interface), a 3D control lever and a dead man device.

With this solution, the working position can be optimised for every operation according to the operator's preference. Another advantage is the optimised handling of expensive and fragile equipment, where a cobot replaces the manual-handling and the traditional dismantling process.

Cobotics is a continuous new learning curve for us and the wider industry. Today, it is helping us trial better ways of future working for the benefit of both our employees and our customers.





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Our export sales

MBDA's drive towards operational excellence has been fundamental in establishing the future model of European cooperation, in developing new customer partnerships and providing the accessible global market with leading missile systems solutions. We operate and sell our products to selected governments around the world and engage in various forms of international cooperation as part of our export sales.

We are fully committed to, and are in compliance with, all the laws and regulations which govern these activities, which are subject to approval from our relevant governments who have robust export control regimes under continual review. The Company is responsible for obtaining these export authorisations and, through our regular discussions with our

national authorities, we maintain the highest professional and ethical standards at all times. Within our Company, our established Code of Ethics supports our commitment to integrity and for our employees is the reference for our important ethical standards.

The relationship between our company and relevant governments continues to contribute to the global influence of our domestic home countries and is paramount in representing and protecting the Company's interests at an international level.



Business ethics

Being a European leader and global player in the missile and missile systems market, our business activities must be beyond reproach.

The relationship between ethics and international business is extensive and can be impacted by local perceptions, legislation, values and beliefs. To this extent, we have built a strong and well-established commitment to ethical business conduct, reflecting international and sectorial best practices, in compliance with applicable laws and regulations. In support, the core values for our Company are set around the expectation of a strong culture of integrity. The Business Ethics Committee, nominated by the Executive Committee, is a key element of governance and ethical conduct in our Company. Our business ethics and anti-corruption programmes are an important part of this governance.

Our corporate Code of Ethics

MBDA has an established Code of Ethics, we endeavour to keep this current ensuring that our corporate culture and changes to legislation are appropriately embedded – this helps us continue to conduct our business activities to the highest standard.

MBDA's drive towards operational excellence has been fundamental in establishing the future model of European cooperation, in developing new customer partnerships and providing the accessible global market with leading missile systems solutions.

The Code of Ethics is a document that we refer to frequently in our Company not only at initial employee on-boarding. It is becoming a component of our company culture, driven by the management, in order to develop good ethical behaviours among our employees.

We also recognise that our Code of Ethics cannot cover every diverse situation that an employee may find themselves in. In this situation, we encourage our employees to consult their line manager for advice, another member of the management team, the Human Resources department, the Legal department or one of our dedicated Compliance Officers. If in the event that our employees, having received advice and guidance, feel that our Code has been violated we have a Group process for the management of allegations. If an employee has reason believe that a violation of the Code or other improper conduct has occurred, employees are encouraged to report their concerns by sending an email to report-allegations@mbda-systems.com. All concerns are treated seriously and fairly, and the employee's identity will remain confidential.



“ We continue to build and sustain our Company, with employees that are motivated and ethical – based around strong leadership and core values. ”

– Jacques Matamoros, MBDA Group Business Ethics & Corporate Responsibility Director

Our anti-corruption policies

Based on the principles and engagement declared in our Code of Ethics, MBDA's Business Ethics Policy is an anchor for our ethics and compliance programme and underlines our commitment to preventing any risk of corruption when doing business. As a consequence of the anti-corruption risk mapping, established through our Business Ethics Policy, we have agreed a dedicated Anti-corruption Policy and Procedure to identify and adequately prevent any related risks. We remain vigilant to the evolution of experiences, practices and regulations in this domain. In the last two years, the publication of both the French Anti-Corruption Law, Sapin II and the International ISO standard 37001 'Anti-Bribery Management Systems' have clearly paved the way to a new ambitious harmonised framework for preventing corruption in any kind of organisation in both state and private companies.



Consequently, MBDA has updated its core Anti-Corruption Policy, which is intrinsically linked to a number of our policies, Gifts and Hospitality, Donation and Sponsorship, Engagement of Business Advisers and Business Ethics in the Supply Chain.

Our Anti-corruption Policy is implemented by an independent Group compliance organisation who directly report to the management of the MBDA Group. We have a National Compliance Officer network present in each of our domestic home countries, who are responsible for local and national implementation of this Group Policy. Their responsibilities in the assessment of the anti-corruption risks are clearly defined in the respective procedures. It is a key choice of MBDA to have a consistent and harmonised Group Anti-corruption Policy whilst keeping, through national presence, a concrete visibility of the business activities. Through these new refreshed policies, we are enhancing our Business Ethics training sessions with priority given to the face-to-face training, which is offered to the personnel who may be more exposed due to their professional activities. Sometimes, it is hard to know what to do when confronted with a sensitive situation, so we included case studies on real dilemmas faced by our employees in our training material. This helps us create a culture where employees can understand what we require of them and recognise their responsibility to raise concerns.

Our commitment to an ethical supply chain

Our suppliers are our partners and deliver an important part of the value in our products, playing an important role in customer satisfaction. Our multi-faceted, robust and risk-based approach to supply chain business ethics is therefore fundamental in ensuring that our products are built to the highest ethical standards. We have expectations of how suppliers manage their ethical conduct and our Supply Chain Business Ethics Procedure, introduced to support our Business Ethics Policy, ensures an ethical and financial validation of future suppliers is performed with a particular emphasis on offset partners. Our procedure demonstrates our commitment to transparency ensuring good supply chain practices are in place. We are also training and educating our Procurement and Supply Chain staff to ensure that they are aware of the potential ethical risks in the supply chain and are able to detect and recognise the warning signs.



For further
information,
[click here](#)
to access our
Code of
Ethics Report

Our statement on human rights

In an increasingly diverse and complex world, human rights are an important aspect of corporate social responsibility. We have a zero tolerance approach to slavery of any kind, forced, bonded or compulsory labour, human trafficking and other kinds of slavery and servitude represent some of the gravest forms of human rights abuse in any society. We also assess our suppliers in this respect as part of our risk registration process and further in-depth assessments are performed, as appropriate.

Our memberships

We have been supporting initiatives to enhance the standards of compliance within the aerospace and defence industry for a long time and continue to do so. We contribute to professional associations, national or international such as IFBEC – the International Forum for Business Ethical Conduct, of whom we are an active member in order to support the Aerospace and Defence industry initiatives to continuously exchange global industry-wide best practices.

Held in Paris, the 2018 IFBEC Conference was useful in exchanging best practice amongst aerospace and defence industry members, as well as external stakeholders such as authorities and banks and dealing with new challenges.

Our evolution is based on our permanent attention to best practices through the participation to these professional forums and the implementation of recent legislation such as the French law on anticorruption, Sapin II, which is encouraging us to continually raise our level of anti-corruption prevention.





Company giving and community engagement

An important aspect of MBDA's commitment to responsible corporate behaviour is our ability to exercise social responsibility through company giving and sponsorship. As part of our corporate and social responsibility aims, we sponsor and contribute to the activities of other organisations where the activities are aligned with our principles of responsible business conduct. Company giving is a commendable way to be associated with environmental, cultural, educational, humanitarian or other non-profit making activities and we monitor and report on these activities on an annual basis.



MBDA Schrobenhausen – 60 years dedicated to the defence community

In 2018, the MBDA site at Schrobenhausen near Munich celebrated its 60th anniversary and opened its doors to all its employees, their families and friends. Almost 5,000 people visited the main site of MBDA Germany for a 'Family Day' and gained some exciting insights into the high-tech facilities and test areas of the 'hidden champion' in the forest. Over 30 attractions for old and young, free food and access to Mum or Dad's workplace for the children made this day an unforgettable event. The TLVS air defence system, a full-sized mock-up of the Eurofighter Typhoon and a virtual reality simulator of the Enforcer missile were just a few of the highlights of this informative and entertaining anniversary. A bouncy castle, games and face-painting completed the day for young visitors.



However, it was not only the visitors that benefited from the Family Day. The entrance fees were donated to 20 local charities. The Family Day was organised in-house by a team of 30 employees, who worked closely together to deliver this event for their colleagues, families and friends. More than 200 employees supported as operational personnel as well as many local clubs, our shareholder Airbus and the Technical University of Munich also participated in the event's programme.

The Family Day also recalled the history of the Schrobenhausen site through an exhibition, videos and presentations. Ludwig Bölkow, a pioneer of the German defence industry founded the site in 1958 to provide Germany with high-standard sovereign defence capabilities. Although the site also faced difficult times, it did grow from just a few employees to over 1,000 high-skilled engineers, technicians and specialists by 2018. In the last few years MBDA has invested over €100 million to enlarge and modernise the facilities, underlining its commitment to the German customer. Today, Schrobenhausen is one of the few defence sites worldwide that unites all disciplines in one place. State of the art infrastructure and production lines, test areas for warhead and laser systems, as well as modern office buildings enable fast prototyping, development and production of new products for the changing demand of our forces.

Thomas Gottschild,
Managing Director MBDA
Germany commented that,
*'Schrobenhausen looked
back at an eventful and
productive history. We want
to continue this success
story and the Family Day
was also a sign that we rely
on the competences of our
employees and the close
relationship with the local
community in this way'.*



“ Over the decades, MBDA has always valued its firm roots in Schrobenhausen and provided a strong social commitment, I believe this has been to our mutual advantage.”

– Dr. Karlheinz Stephan, First Mayor of Schrobenhausen

MBDA France support to the civilian and military community

The mission of the Fondation des Œuvres Sociales de l'Air, association for the development of self-help in the French Air Force, is to provide support to the French Civil Aviation Authority and Air Force employees and their families when facing injury or traumatic experiences.

FOSA aims also to encourage aeronautical vocations, under the patronage of the Ministry of Defense, it organises air shows which represent an essential source of income for the foundation.

Recognised as a state-approved association in 1937, FOSA, for more than 80 years, has been a charity organisation for the benefit of the civilian and military community in support to social welfare bodies.

As a trusted part of the defense community, MBDA France took a long-term commitment with FOSA through a donation agreement, in addition to the sponsorship of the air shows, which has been in force since 2014.

Every year, MBDA helps orphans, who benefit from aids throughout their schooling until graduation, often from the youngest age up to joining the workforce. In 2018, FOSA took care of 274 children. There has also been support for a hundred families, with serious difficulties, who have been affected by traumatic events. Finally, soldiers wounded in operations can also benefit from financial support in their rehabilitation process, as well as providing support to their families.

MBDA generously contributes to all these actions through its sponsorship for the benefit of FOSA.



Photo © FOSA.



Photo © Operation Christmas Box.

Operation Christmas box with MBDA UK

Every year, members of Her Majesty's Armed Forces are absent on duty from their families on Christmas Day. Examples are the Royal Navy crew of the UK's continuous at sea nuclear deterrent submarine, army deployments in Estonia and Poland as part of NATO's Enhanced Forward Presence, and RAF crews supporting Operation Shader in support of the Counter-Daesh operations in Iraq and Syria.

Operation Christmas Box is a registered charity which provides Christmas Boxes full of presents (affectionately known as the 'Square Stocking') as a gift to all those serving unaccompanied overseas on Christmas Day. This year some 9,000 boxes were packed and dispatched through the British Forces Post Office with the help of the Ministry of Defence.

MBDA is proud to have entered into a three-year sponsorship with Operation Christmas Box. The charity does not receive any public funds, but the Ministry of Defence (MOD) supports the charity with advice and guidance on the number of boxes required and the contents. It also assists with the massive logistics operation it takes to deliver the boxes in time for Christmas Day, all around the globe.

The initiative was inspired by the 1914 Christmas Gift Fund, established by Princess Mary, the daughter of King George V.



MBDA Italia supports children in difficult conditions

In 2018, MBDA Italia decided to support the *Fondazione Francesca Rava – NPH Italia*, that helps children in need in Italy and worldwide with sponsorship programs, volunteering, projects and activities to raise awareness on children's rights.

MBDA Italia's donation was provided to support a fundraising event organised in order to help sustain the different initiatives promoted by the charity.

Fondazione Francesca Rava is the Italian representative of N.P.H. – Nuestros Pequeños Hermanos, an International Humanitarian Organization that has been helping orphaned and abandoned children for over 60 years with the creation of homes and hospitals in nine Latin American countries: Mexico, Honduras, Haiti, Nicaragua, Guatemala, El Salvador, Dominican Republic, Peru and Bolivia. The Foundation is also the Italian representative of the St. Luc Foundation of Haiti.

In Italy, the Foundation helps children who live in a state of health poverty with 'In Farmacia per i bambini' who intervene in emergencies, send volunteers for health care to migrant children in the Canal of Sicily and help fight against neonatal abandonment. Through the project 'ninna ho,' the charity has rebuild eight schools in Central Italy hit by the 2016 earthquake and developed a vital childcare maternity clinic in the popular district of Via Pré in Genoa.



FONDAZIONE
Francesca Rava



N.P.H. Italia



Photo © Fondazione Francesca Rava/NPH Italia.

Our charitable fundraising events,
in partnership with our customers
and suppliers, provide excellent
opportunities for us to collectively
support worthy causes





Our people

Attracting, retaining and developing the best people are key elements in our continued success. We operate in a highly competitive skills marketplace and our mission to provide decisive military capability means we require highly capable people to work on a wide range of complex challenges.





Through the growth in our business we have had the opportunity to welcome 3,500 new employees over the past four years.

In addition to effectively integrating new staff, we have maintained a well-balanced workforce blending new comers with existing experience and knowledge. Our reputation as a good place to work is critical to be able to attract and retain talent and maintaining high levels of workforce engagement remains a priority.

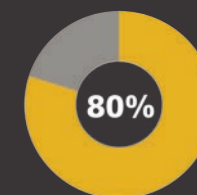
To do this, we have built a work environment which encourages all people to feel included and valued. We emphasise merit based career and development opportunities and support all employees, from those starting out in their careers to those who have been critical to building MBDA's success since its formation and through legacy companies.

Overview 2018

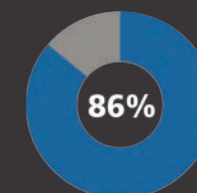
The principle pillar of our engagement strategy is our bi-annual Employee Opinion Survey. The last survey was conducted in November 2018 with 8,000 employees completing the online questionnaire. The Survey enables employees to express views over a range of themes including: My Job, My Hierarchical Manager, My Directorate, My Development, Leadership, Engagement, Communication and Reward.

Results from the survey were very encouraging and show a positive development from the previous survey conducted in 2016. The responses highlight the strength of the relationship between the Company and employees and the sense of support, fairness and respect people feel when working in MBDA.

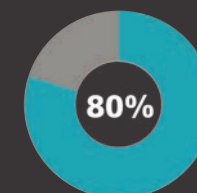
EOS favourable question responses



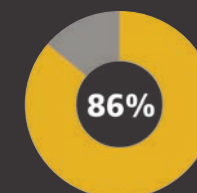
I have a clear understanding of MBDA's goals and objectives.



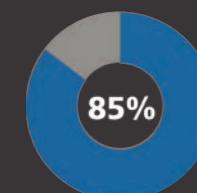
I am proud to work for MBDA.



I believe in MBDA's goals and objectives.



I would recommend MBDA as a good place to work.



My hierarchical manager works well with people who are different from him/herself in gender, racial/ethnic background, lifestyle etc.



Our organisation

In 2018, we recruited 1,200 permanent employees across France, Italy, Germany, Spain and the UK. Recruitment into the Defence Sector continues to be a challenge and one where we must be consistent in maintaining our standards through only recruiting the right people with the right skills, attitude, outlook and values. We understand the need to maintain a positive and healthy relationship with current and prospective employees and we consistently review and, where necessary, refine or modify our employment proposition and working environment.

As part of this approach, we are also keen to generate an active dialogue on the purpose of Defence both at a National and European level and as part of our Governments Foreign and Economic policies. One example of cultivating this dialogue was the Citizens Consultations organised for employees in France. The consultations were part of creating an input into the European Council's active engagement on European Defence.

In 2018, MBDA in France, Germany and the UK received nationally recognised awards. MBDA UK was ranked 11th in the Sunday Times 'TOP 25 Best Big Companies to Work For' and received the Gold Standard from Investors in People. MBDA Germany was also recognised as one of Germany's best employers in the 2018 Focus Magazine survey and awarded the title 'A Great Place to Work' for the fifth time. MBDA France was recognised as a Top Employer by the Top Employers Institute.

Celebrating team and individual success

Externally, we also celebrate the accomplishments of employees. In 2018 employees from MBDA Italy were recognised as Maestro del Lavoro (Masters of Work), having distinguished themselves by their expertise, hard work and good moral conduct. In the UK, our apprentices and former apprentices continued to collect external industry, regional and national awards. MBDA Germany received a national award as one of the best training companies in Germany and also an Employer of Choice for Apprentices.

MBDA is committed to acknowledging the efforts and achievements of all our people through promotions, career development opportunities and recognition celebrations including our Annual Innovation and Business Awards ceremonies.



We continue to recruit people with the right skills, attitude, outlook and values

Training and development

Training and development is of primary importance to us in MBDA, to ensure our employees are appropriately skilled. Technology is accelerating at a fast pace and our engineering workforce must develop in order for us to maintain our technical excellence and performance to our customers. In this perspective, we assess each employee's individual training needs on annual basis or sooner, if they change role. In 2018, we invested on average 30 hours training per employee, which is significantly above the average training delivery in comparable Aerospace and Defence industries across Europe. Access to this wide range of professional development is welcomed by our employees with positive feedback.

In 2018, we launched YOULEARN, an engaging and dedicated digital resource centre, providing modern and relevant training to all of our employees. The digital resources contained within the platform take different forms and allow our employees to comment, 'like' and evaluate their competencies. This interactive learning experience is designed to complement the more traditional training delivery that we already offer our employees.

Diversity, inclusion and equality

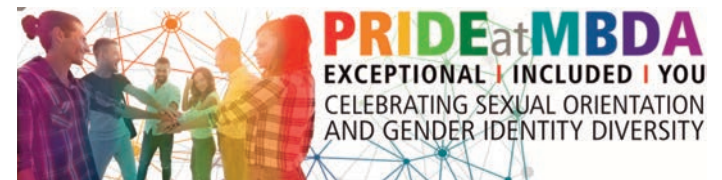
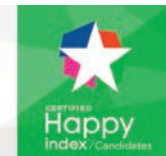
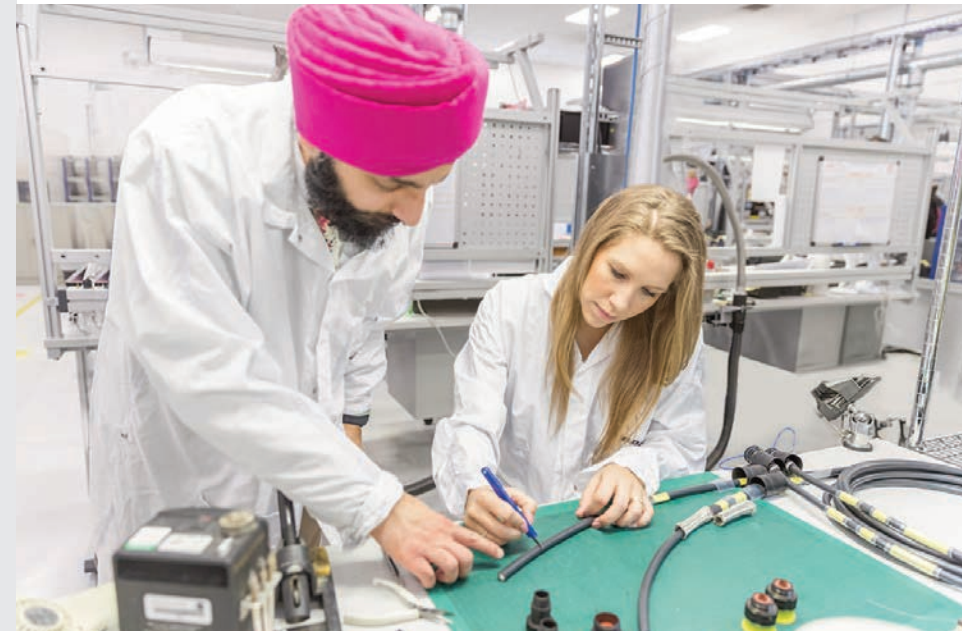
Equality, Diversity and Inclusion are central values to MBDA, how we operate and how we engage with our people. We are committed to providing an inclusive environment and culture where everyone feels able to contribute to their full potential. We continually work to create a workforce which reflects the communities in which we operate. In MBDA, we understand a diverse workforce drives change and innovation and an inclusive environment creates the essential conditions for delivering the mission critical products and systems our customers rely on.

In 2018, we continued to work hard to ensure that all our employees were treated equally and with respect, maintaining an environment where everyone is able to reach their full potential. As a responsible company, we are acutely aware that we must support and protect current and prospective employees without reference to age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation which is reflected in our Code of Ethics and our Ethics Charter in Favour of Diversity.

In 2018, we also started a number of initiatives focused on ensuring employees are happy, healthy and motivated in their work environment through delivering wellbeing campaigns to engage and provide awareness of physical, mental, social and financial wellbeing.

“Engineering is about generating innovative ideas and coming up with new ways to solve problems and the best way to do this is to have a diverse team.”

– Sarah Mallion, MBDA UK



Education

We cultivate progressive relationships with schools and universities in all of our domestic countries. A range of activities, often led by young MBDA employees, is offered in collaboration with teachers, academics and institutes to promote Science, Technology, Engineering and Mathematics (STEM) to students of all ages. MBDA considers it is vital to the future of the Defence Sector in Europe to make our industry an attractive employment proposition. We are also passionate about supporting wider initiatives to increase the number of students enrolling on STEM courses and making STEM careers inclusive and attractive to all sectors within our society. Over 10 percent of our workforce across France, Italy, Germany and the UK is made up of people on 'early years' career development programmes, meaning the availability of suitably qualified and motivated young people is vital to satisfy our resourcing needs.

Careers are closely linked to academic choices taken at a relatively early age. We willingly invest time and resources in education liaison, providing internships for school children, participating in national initiatives such as Girls Day and Science@School and supporting various outreach activities in primary and secondary schools including careers fairs and engineering challenges such as: Robot Rumble, Engineer for a Day, Glider Challenge and Catch the Drone.

Recognising the special relationship we have with the Armed Forces, we have continued to look at ways in which we can create a better understanding of the role MBDA plays as a trusted part of our defence community. In France during 2018, we ran three seminars at the *L'École Militaire* for 150 recent joiners where they were able to hear from and interact with Military professionals to gain both a greater awareness of Defence and Security but also the critical role played by MBDA and its products.





We are committed to pursuing the highest health,
safety and environmental standards in the workplace

Taking care of our people

Achieving a positive Health and Safety culture with proactive risk management are two of our core social responsibilities and consequently an integral part of our Corporate and Social Responsibility.



MBDA Italy and UK are now successfully certified to the new ISO 45001, the internationally recognised occupational Health and Safety management system standard, with MBDA France to follow at its next certification renewal.

All of our national companies and employees are committed to comply with the Group MBDA Health and Safety policy, which ensures that MBDA provides and maintains a safe environment for all employees, agency workers and visitors. Supporting our policies and procedures, we actively promote health and safety employee events, which have included engaging the workforce in the identification of hazards and understanding the need for safety controls; this has resulted in a demonstrable positive change in culture.

We have achieved this through everyone contributing because responsibility is a joint effort. We seek, by taking similar measures, to promote improved health, wellbeing and employee motivation with the added benefit of a more productive environment.

To support our continuous improvement and to gather our employees views related to our health and safety culture, we trialled in the UK a survey developed by the Health and Safety Laboratory – a world-leading provider

of Health and Safety solutions to industry and government. The results have been analysed and necessary improvement actions are being taken. The survey will also be used as a benchmark study for our other MBDA sites to learn from.

Our Health and Safety management system assists in regulatory compliance, setting company standards and values with a focus on hazard, risk recognition and mitigation, in addition to increasing competence. We continue to provide high quality health and safety training to our current employees and new recruits, with specific training delivered to employees based on their role and working environment, via a blended learning approach.

In 2018, MBDA recorded a Reportable Accident Rate of 329 per 100,000 employees. We are pleased to report a 5% improvement over the previous 12 months.

We also maintained zero pyrotechnical accidents; we remain vigilant of the potential risks and continue to demonstrate best industry practices in this domain. We are committed to pursuing the highest health, safety and environmental standards in the workplace and will continue to implement the necessary programmes, training and internal controls to consistently promote safe work practices; safeguarding our employees, those working on our behalf and the working environment.

A background image of a male worker wearing safety glasses and a red shirt, focused on a task.

5%
REDUCTION
IN OUR RECORDABLE ACCIDENT
INCIDENT RATE OVER THE PREVIOUS
12 months



*The Royal Society for the Prevention of Accidents (RoSPA)
awarded MBDA UK Ltd the RoSPA GOLD Award for
Health and Safety Performance.*



Environmentally responsive

We recognise our responsibility to the global community and through our business decisions we strive to reduce our carbon and environmental footprint wherever possible.




In contributing to this important goal, we encourage our employees to understand our collective effort and to adopt individual environmentally friendly behaviours.





As a company, we aim to whenever practically possible, across our locations:


- Minimise the use of natural resources
- Improve our energy efficiency
- Minimise the generation of waste whilst implementing and promoting recycling
- Consider the environmental impact relevant to our business decisions
- Minimise pollution and promote greener transport options for our employees
- Inform and encourage our employees to act in an environmentally responsible manner

**SINCE
2009
MBDA HAS**

**DECREASED ITS
CO₂ EMISSIONS BY
32%** 

**INCREASED ITS
RENEWABLE ENERGY
USE BY
89%** 

**REDUCED ITS ENERGY
CONSUMPTION BY
19%** 

**REDUCED
ITS WATER
USE BY
21%** 



We strive to ensure that the environmental impact of our sites and manufacturing processes are kept to minimum levels where possible and follow-up indicators allow us to evaluate our performance in a process of continuous improvement. We discuss and act on our environmental aims through our Group Environmental and Energy Steering Committee which is represented by our environmental leads in each country to ensure we have a collective Group approach to our activities and decisions.

When calculating our environmental performance, we use a normalisation methodology linked to energy consumption, CO₂ emissions and water use which takes into account many variables including any changes to the size and use of our building stock, production, the number of people working in the buildings and the outside temperatures – degree day adjustments, providing a more accurate and representative indication of our measureable position.

ISO 50001

In 2018, as part of our continued commitment to energy reduction, our UK business successfully achieved certification to ISO 50001 – Energy Management. This Internationally recognised standard has helped us deploy a more structured and consistent approach to Energy Management providing the tools, system and methodology to deliver year-on-year reductions in energy consumption. As part of this certification, we introduced a continuous improvement process, aligned with our existing environmental and quality management systems and this model will be used as an example of excellence at our other operating sites.



**IN 2018
MBDA
PRODUCED**



**4,877
TONNES
OF WASTE***



**2,841
TONNES
RECYCLED**



**58%
OF WASTE
RECYCLED**

*Waste defined as non-hazardous and hazardous waste combined.

Environmental initiatives across our sites

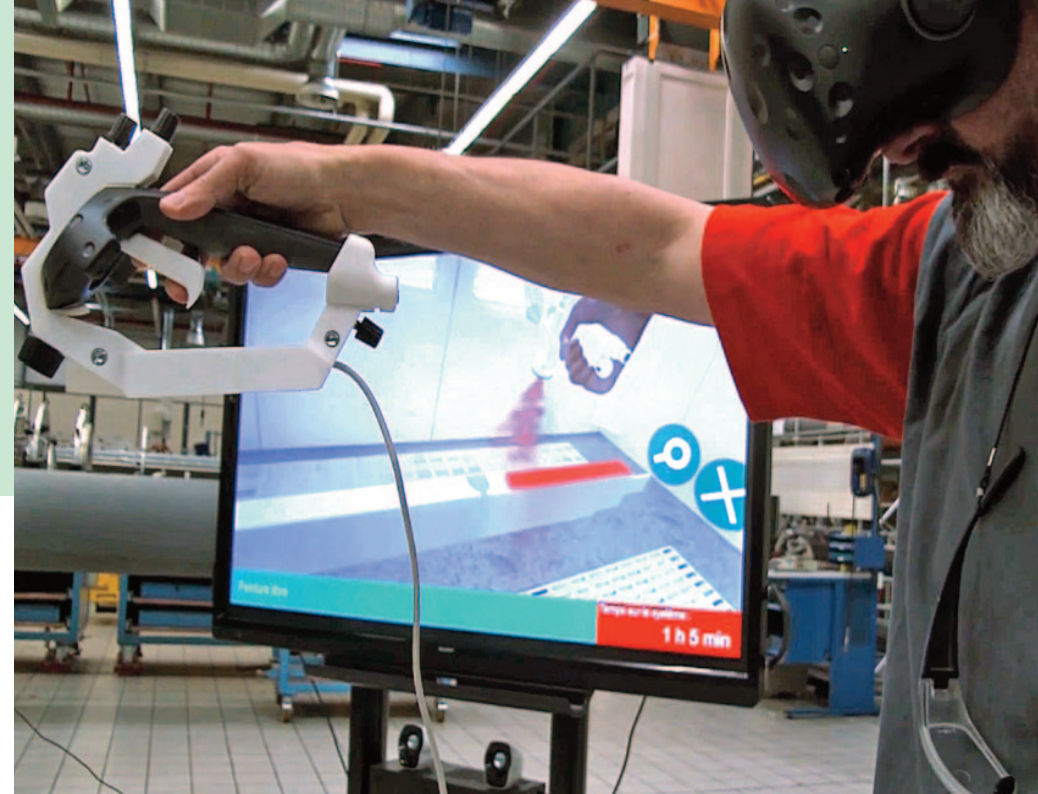
We consider how we manage our waste as a key priority in being environmentally responsible and have therefore set aspirations to improve waste recycling across the Group.

UK

As we continue to expand our sites, minimising environmental damage remains a key consideration for us. In 2018, our Stevenage, UK site welcomed a new office building, energy efficient in design.

During the planning and design, our Facilities Management, Health, Safety and Environmental teams gave consideration to not only reducing waste during the construction of the building but also to the efficiency of the buildings' future use. The investments in energy efficiency included, LED lighting with PIR-based motion detectors throughout, high-specification insulation and air tightness and a heat recovery system.

In addition, as part of our ongoing commitment to reduce our use of single-use plastic cups, disposable cups were replaced with reusable coffee mugs and water cups for employee use. These mugs and cups, with a longer lifespan, have less of an environmental impact overall than the disposable alternatives.



France

In 2018, at our Bourges site in France, the mechanical production and electro-mechanical equipment teams launched a virtual reality painting system as part of our Factory of the Future programme.

The new system gives the user the ability to paint in a 3D space, identify areas that are difficult to paint with great accuracy and define the right tools to maintain test equipment

The removal of the 'real' paint and the parts during testing has significantly reduced our waste. Paint fumes are no longer a waste product and there is no requirement to clean tools after paint application. Virtual reality painting is already proving to be an effective system: reducing paint pollution and our waste – a positive initiative for our planet.



Germany

As part of our goal to continually evolve our environmental approach, we sometimes work with other specialists to help support us in our research. In 2018, at our German site in Schrobenhausen we launched an energy study with the Institut für Energietechnik at the University of Applied Sciences in Amberg-Weiden. The energy study is complex, involving considerable data collection, but will when concluded help inform our decision to replace our CHP's – combined heating and power systems and as such reducing our CO₂ emissions.

Our continued collaboration with universities enables us to access research material and specialists for the benefit of our business and our ongoing commitment to reduce our carbon footprint.

Italy

In La Spezia, Italy one of our buildings underwent extensive renovation in 2018. As part of the renovation, we installed skylights to improve the workspace luminosity. Introducing natural light into this building brought significant evidence-based benefits. This has been both in terms of human factors, such as the wellbeing of our employees and workplace efficiency and in supporting the building's energy performance by reducing our CO₂ emissions.

The building now has a new mechanical ventilation system, with the purpose to control and regulate humidity and indoor air quality and reduce heat and cooling dispersion caused by natural ventilation methods. The installation of a heating, ventilation and air conditioning (HVAC) control system has allowed us further control of the heating conditions in critical areas, such as the server rooms and the ability to regulate the necessary power. Workplace temperature, humidity, air quality and levels of natural and artificial light are all important factors for our environmental teams, when agreeing building redevelopments, so that we can continue to take care of our employees' health, wellness and comfort.



Photos illustrate the before and after effects of the La Spezia building renovation.

Appendix

This report has been prepared with Global Reporting Initiatives (GRI) as a baseline reference standard although the report does not contain a full set of GRI-compliant metrics.

Reporting boundary and subsidiaries

Where possible this report focuses on our main operating companies in Europe ie. France, UK, Italy, Germany and Spain. The primary objective is to report a harmonised data set across all the main operating companies. However, cultural differences and national regulations have also to be considered in certain domains where this consistency of reporting is not viable.



Factored calculations

CO₂ emissions are calculated based on fuel usage or electricity consumption multiplied by an emissions factor. CO₂ conversion factors vary from country to country as follows:

FRANCE

Electricity	0.072 Kg/kWh
Gas	0.235 Kg/kWh
Fuel	0.329 Kg/kWh

These factors are extracted from the Bilan Carbone tool V7.11 elaborated by ADEME (Agency for Environment and Energy Control).

GERMANY

Electricity	0.303 Kg/kWh
Gas	0.190625 Kg/kWh

ITALY

Electricity	0.316 Kg/kWh
Gas	0.200 Kg/kWh

These factors are extracted from the ISPRA report based on the information from Directive 87/2003 (Emissions Trading Scheme – ETS), transposed into national legislation by Decree April 4 n. 216.

SPAIN

Electricity	0.385 Kg/kWh
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The figure is provided by the Ministry of Industry, Energy and Commerce (IDAE department).

UK

Electricity	0.28088 Kg/kWh
Gas	0.18362 Kg/kWh

The figures are provided by a conversion factors tool at www.ukconversionfactorscarbonsmart.co.uk using Defra frequently used conversion factors. Source: Carbon Trust website and Defra Carbon Conversions (rolling average).

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