



CORPORATE & SOCIAL RESPONSIBILITY REPORT 2019

MBDA
MISSILE SYSTEMS

CONTENTS

Our business overview



CEO statement	03
Executive summary	04
Who we are	05
Our Vision, Mission, Strategy & Values	06

Our main report



Our corporate and social focus – six principal domains	08
Providing assurance to our customers and shareholders	09
Responsible business	27
Ethics and compliance	31



Company giving and community engagement	35
Our people	40
Environmentally responsive	53
Appendix	57

This is MBDA's tenth annual *Corporate and Social Responsibility Report* covering the calendar year 2019.

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'MBDA' in the context of this document is defined as: MBDA France, MBDA UK, MBDA Italia, MBDA Deutschland, MBDA España and MBDA Inc. all forming MBDA.

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

Please send questions by email to:
Corporate-Responsibility@mbda-systems.com



Éric Bérannger

CEO statement

“

I am delighted and honoured to have joined MBDA, in June 2019, as the Chief Executive Officer. MBDA is not only a world champion and a role model for European cooperation; it is a Group who delivers sovereign capabilities to our armed forces and thus ensuring the security of our nations and their allies. We fulfil this mission responsibly, in a sustainable manner, and through our values of Commitment, Passion, Innovation, Integrity and Team Spirit.

Corporate and Social Responsibility is at the heart of our agenda and our Code of Ethics aims to establish integrity in the conduct of our activities, in our relations with people and in our environmental impacts.

Outside of our Group, we continue to work with our local communities. In particular, we channel our support to the next generation of young people, inspiring them in the subjects of science, technology, engineering and mathematics. Our company giving continues to help support a number of local and national charities that work close to us, with their deserved causes.

Our skilled employees are inspired to add value both at work and in the communities in which we operate and their hard work and passion is central to our organisation. On their behalf, I invite you to read about our important accomplishments from 2019 within the pages of this report.

At the time of writing this in 2020, we are operating in a time of extraordinary disruption and change, with the spread of the COVID-19 pandemic around the world. The health and safety of our people has been and will remain our highest priority. Through the commitment and efforts of our employees and the backing of our governments and our suppliers, we will take the necessary actions to continue to support our local communities, our nations, our armed forces in a world where CSR has never been more important than it is today.”

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.

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.

Executive summary

With close to 12,000 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.

We take responsibility for our business and in 2019 we executed this through a number of key parameters: partnering with the right suppliers, growing our business through innovation, maintaining the highest quality standards and exercising our own internal control systems delivered through risk assessments and internal audit checks.

2019 was a positive year in successfully integrating over 1,150 permanent employees into our workplace, whilst maintaining a high level of employee motivation and engagement. 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 2019 Focus Magazine.

The health and safety of our people remains our top priority. Our positive Health & Safety culture, risk mitigation strategies and strong focus on safety have provided positive results – with a reduction in our Recordable Accident Rate and zero pyrotechnical accidents maintained.

As a company, we embrace the value of integrity through our Code of Ethics, we apply this daily to our internal and external business activities. In 2019, we continued to train our current employees and newcomers on how our company applies good ethical conduct.

We carried on supporting a broad mix of deserving charitable causes central to our business and in particular, military, education and local community charities, we continue to commend their good work.

As a European Leader, we continue to demonstrate how we are contributing in our specific part to the major societal changes of today and tomorrow and this is highlighted through the pages of our 10th Corporate & Social Responsibility Report.

“ We continue to see an upswing in employee interest in how we operate our business responsibly. Our employees feel positive about their achievements and paired with the contribution our company makes to society and the wider environment, this continues to drive a high level of employee engagement and feeling of pride in the company that we work for. ”

– Helen Kersley-Allinson
Group Head of Corporate Responsibility



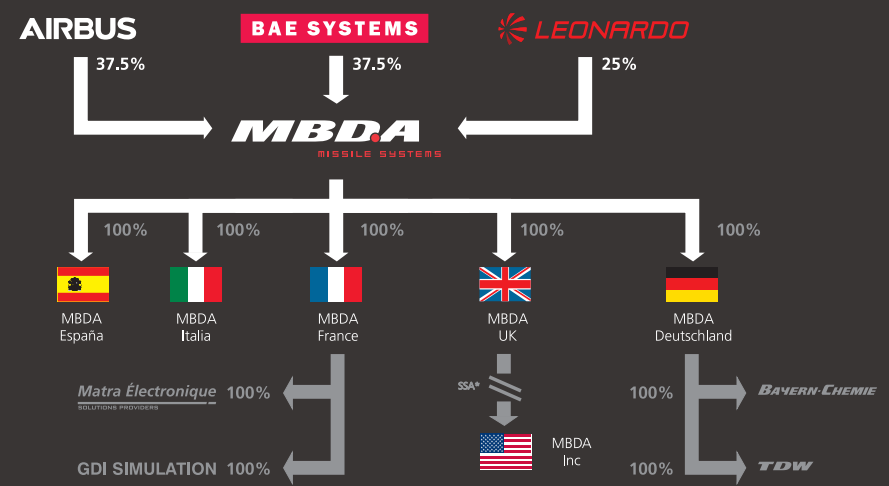
Playing our small but important part in shaping tomorrow's world

Who we are

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 the European 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.

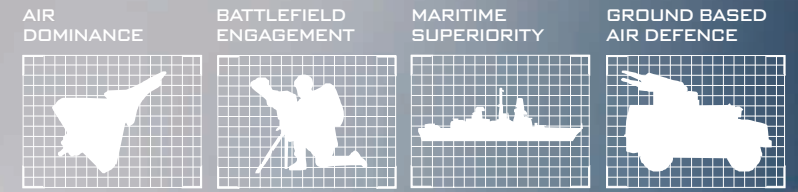
MBDA is jointly held by three major shareholders: Airbus, BAE Systems and Leonardo.



2019 Financial results



*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.



The European leader and a global player

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



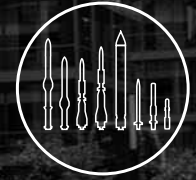
INNOVATION
Ensuring operational and strategic advantage.



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.



Our employees work as collaborative teams, contributing to the overall success of the Company


Our corporate and social focus – six principal domains

Providing assurance to our customers and shareholders
PAGE 09

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 27

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.



Ethics and compliance
PAGE 31


We act as per our Code of Ethics and decide using a double test: is it legal and is it ethical?



Company giving and community engagement
PAGE 35

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 40

We believe our people are our greatest asset.

We actively encourage an inclusive and diverse culture.



Environmentally responsive
PAGE 57

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.



Providing assurance to our customers and shareholders



“ Customers, and particularly users of our products, are our primary stakeholders. Our business is fully oriented to provide our customers with innovative, effective and reliable quality defence solutions that meet their needs.

As we fulfil our obligations towards our customers and shareholders, we ensure that all of our relationships are built with honesty and integrity. In doing so, we take responsibility for our business and we execute this through a number of key parameters: growing our business through innovation, maintaining the highest quality standards, partnering with the right suppliers and exercising our own internal control systems delivered through risk assessments and internal audit checks.

Our drive towards increased operational excellence is paramount as MBDA positions itself as the partner of choice for its domestic and international customers and continues to break new ground in technological advancements. Our engineers are actively preparing now for the missile programmes of tomorrow and beyond. ”

– Stéphane Reb
Executive Group Director Programmes and Managing Director MBDA France



Assurance in innovation

539 IDEAS
 SUBMITTED IN
 2019
 ACROSS
 CHALLENGES
 & THROUGH
 SPONTANEOUS ACCESS 7

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 Awards

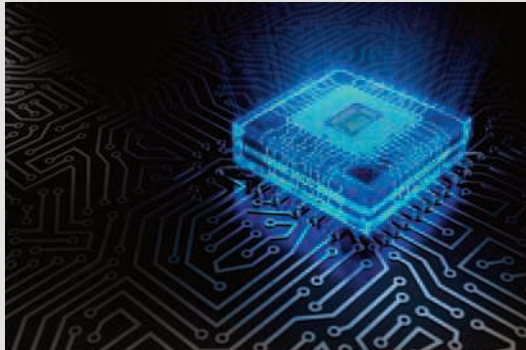
The MBDA Innovation Awards are the pinnacle of recognition, celebrating world-class technical mastery within every domain of our business.

In May 2019, MBDA held its Innovation Award Ceremony showcasing and recognising the very best of innovation across MBDA. The high-profile celebrations saw the presentation of 15 two-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 Executive and 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 three-star Innovation Award to the Companion Chip, one square centimetre of European defence strategic autonomy project team. The Companion Chip is a MBDA device for the main computer core of any electronic equipment of the missile system; it offers strong security features and is considered as the secure safe of the equipment.

MBDA has a proud fifty-year plus 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.



Above: The Comparison Chip, 3-star Innovation Award winner.
Right: The MBDA Innovation Awards.



“The team and I were so grateful to win such a prestigious award. We spent five years of continuous innovation supporting strategic autonomy for our domestic countries. The team can be proud of that.”

– Julien Hebert
Future Electronic Architect & 3* Innovation Award Winner Team Lead

1
★
★
★
INNOVATION
AWARD

15
SUCCESSFUL
★
★
INNOVATION AWARDS

INNOVATION AWARD
NOMINATIONS FOR
310
PROJECTS

1,903
EMPLOYEES
INVOLVED IN
THE PROCESS



“We have a spirit of innovation alive in our employees, supported by our innovation programmes, and achieved through our technological advancements. Our aim – to make sure our engineering capabilities always remain ahead of the future requirement.”

– Chris Allam
Group Engineering Director and Managing Director MBDA UK



Assurance in innovation

ERGO'IA

In ERGO'IA 2018, MBDA was appointed, along with Orange and France's defence procurement agency the DGA, to co-chair the ERGO'IA conference in 2020 on the theme 'Artificial Intelligence and emotional interaction.'

The aim of ERGO'IA is to stimulate thinking around artificial intelligence (AI) and emotions, and to understand how AI can play a role in our emotional responses.

The first event – the ERGO'IA workshop was held in October 2019 at the 'Innovation Defence Lab' in Paris. It announced the theme of the 2020 conference, raised some issues and opened up avenues for reflection on Artificial Intelligence and emotions: 'How can emotions be captured, modelled and used to shape behaviours?'

This is a theme of particular relevance to MBDA, as fits with the broader framework of human-machine interaction in future systems. Beyond the interface function, we seek to build a relationship of trust and to create cooperation between humans and the system. This can be done more effectively by taking emotional states into account.

In addition to the work on AI, which allows MBDA to deepen its knowledge of trust-based systems, co-chairing ERGO'IA highlights our role as a major player in Human Factors.

MBDA Innovation Lab

The MBDA Innovation Lab is a light and flexible funded project with a fast decision loop to allow innovative ideas to mature and 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, 740 ideas have been submitted and 220 have won funding. This innovation initiative allows us to better collaborate with external partners and to boost value creation through innovation.

In 2019, we held another successful Innovation Lab Corner exhibition in the UK. The team leaders came from France, Germany, Italy and the UK, to field questions from visitors and to present their results, namely the transformation of 26 ideas into innovations. A whole raft of themes was touched upon, from neuro-technology to predictive maintenance. 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.

Open innovation



In 2019, we continued to increase our engagement in Open Innovation. We continued our corporate venture capital activity through investment 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 and 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 2019, we continued to keep a close eye on technological gems and invested in Numalis, a start-up specialising in the formal validation and optimisation of software based on Artificial Intelligence. Numalis offers a selection of 'toolboxes' that engineers can use to correct any points of digital vulnerability in their systems and to improve their code for greater reliability and stability. The company is focussing on the validation of the robustness of neural networks to use them in areas where the security of people is at stake.

MBDA acquired a stake in the start-up's shares. This share acquisition is in line with MBDA's Open Innovation policy, which consists of entering partnerships with enterprises offering breakthrough technologies. By engaging financially with these start-ups, small and medium-sized enterprises, MBDA can establish relationships of trust and offer them support, without interfering. By helping these enterprises to grow over a foreseeable period, we are actively contributing to domestic nations' efforts to achieve strategic autonomy.



“ Our customers seek high-quality products and we pride ourselves in delivering this – as we all recognise, our customers depend on our capability to keep them safe. ”

– Manlio Cuccaro
Executive Group Director Technology and Performance

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 2019, our 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 remain certified, 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.

39 QUALITY AUDITS

Quality audits

Quality Audit provides an objective evaluation of our Business Management System (BMS) and work practices. It aims to provide our senior management, customers, certification bodies and Shareholders with confidence in our products and processes. By managing identified non-conformances, risks and opportunities for improvement, Quality Audit ensures that corrective and preventive actions are effective and targeted where they will have the most significant benefit.

Our Quality audits aim to drive process improvement and risk reduction to enhance efficiency and customer satisfaction. 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. Over and above Quality Audit’s focus on product related processes, we also ensure all Company top level and management processes are audited over a three-year cycle. In 2019, this resulted in a total of 39 internal Quality audits and external certification body audits.



Artificial Intelligence and Quality Assurance

One of the outcomes of rapid development in advanced technology, through AI, is that businesses can now deliver quality products to the market faster.

In response, our Quality Assurance teams continue to evolve to meet new and innovative AI developments through our own engineering and manufacturing functions and those of our supply chain.

Quality teams continue to work in AI on a national and an international basis through a series of working groups covering:

- Quality Methods for test, verification and validation of AI applications
- The use of Natural Language Processing for accelerated quality data analytics, failure mode and root cause analysis and predictive quality assurance modelling
- AI standardisation, to build a common AI language and risk evaluation methodology with customers and the supply chain, eg. for safety critical applications
- Ethics AI, to demonstrate our social responsibility for the development and operation of AI applications

Continuous Performance Improvement in Quality



In 2019, we launched the CPI – Continuous Performance Improvement initiative – an International project under the leadership of the Quality Directorate.

The project focuses on the significant opportunity to improve on-time delivery performance and to reduce the cost of non-quality. The intent is to align and further improve all current approaches and seek to improve Operational Excellence across our business through methods and techniques, including those of Lean Six Sigma methodologies and tools; and including structured problem solving (ie. 8D) and risk identification and mitigation (ie. FMEA) techniques. This activity will continue to evolve in 2020 and beyond.



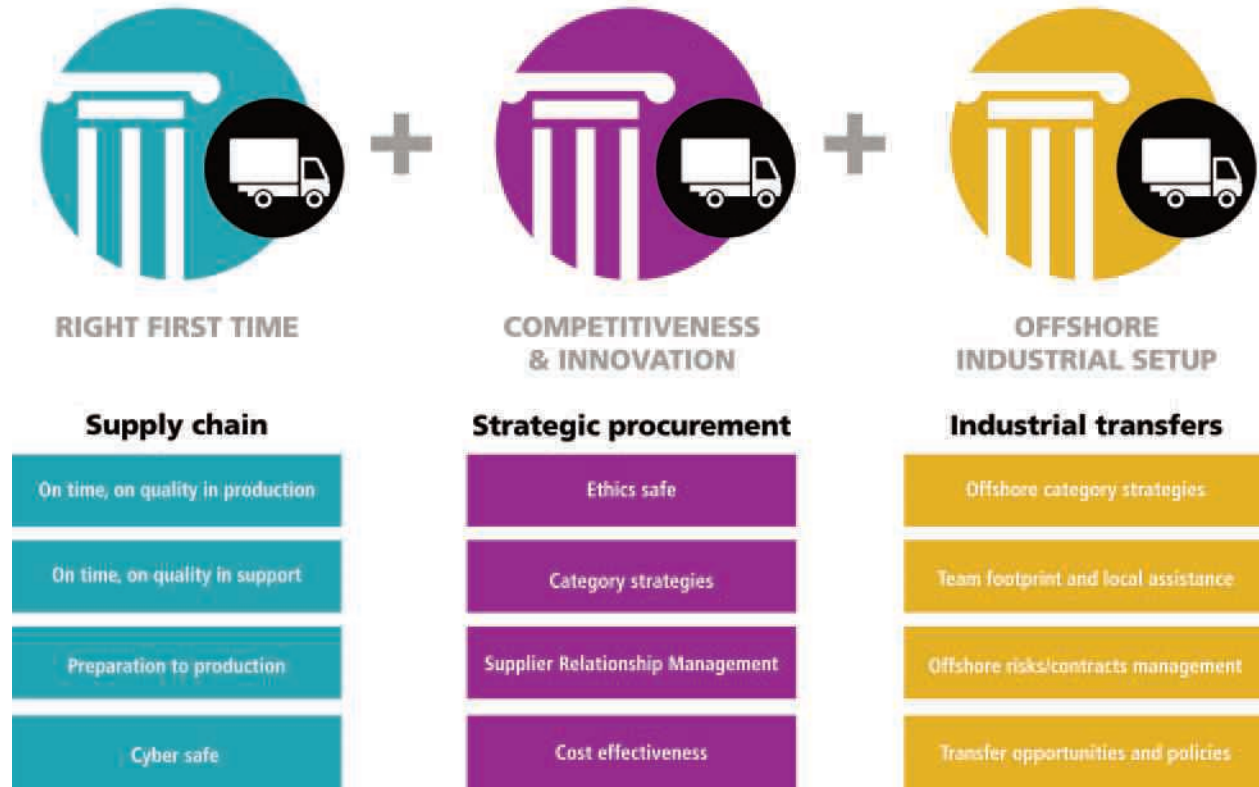
Assurance through our supply chain

We are committed to ensuring integrity in the selection and collaboration of our suppliers and assuring a high performing and sustainable supply chain is maintained in a competitive environment.

The Procurement and Supply Chain Vision 2025 for MBDA is built on three pillars:

1. To be right first time by ensuring we are developing and delivering products on time, to the correct quality and in a 'cyber-safe' environment.
2. To continue to drive our Procurement competitiveness and innovation through collaboration with suppliers, total cost effectiveness and service level, ensuring everything we do is built on an ethical supply chain driving relationships and category strategies.
3. Developing and delivering our robust offshore industrial set up that is fit for purpose and providing MBDA with the global platform to maintain its world-class status.

Supply Chain & Procurement 2025 Vision



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 responsibility 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.

To further encourage innovation from our partners, major suppliers, SMEs and academia, a multi-engaged approach is employed through our innovation gateway website, innovation events and attendance at trade shows and exhibitions. As part of the E3 community, we continued to share knowledge and best practice with our shareholders on joint future programmes and SME engagement initiatives.

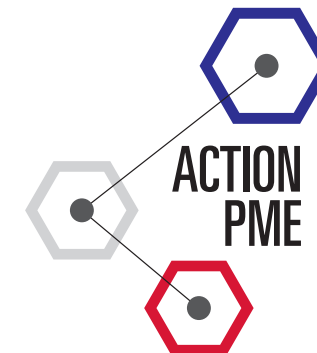
In order to efficiently manage the information on potential new innovation partners, a collaborative platform has been deployed to enable all employees dealing with external innovators to create, follow and share their customised pool of innovative SMEs and monitor the status of collaborations, technical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

Action PME

Suppliers provide a large proportion of the value in our products, which reinforces the need for a strong partnership between us. Therefore, we must ensure that we can rely on a competitive, ethical, sustainable and performing supply chain, in particular, with SMEs that are a source of innovation, agility and competitiveness.

MBDA's E3 approach is demonstrative of our commitment to supply chain development. One example of this is our involvement with Pacte PME — an association whose primary mission is the improvement of relations between small and medium enterprises and larger companies. With the collaboration of 'Pacte Defence PME' and 'Action PME,' MBDA France has supported a number of economic and industrial areas.

In 2019, MBDA was successfully ranked Grade A in the Pacte PME annual survey and received congratulations from the French Ministry of Armies under the frame of 'Action PME,' which gives credit to the active engagement to sustain sovereign development and protect our national SMEs and start-ups.





Procurement and Supply Chain Academy

Similar to many other multinational 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.

Two years ago, MBDA successfully launched its Procurement and Supply Chain Academy.

All new employees joining MBDA's Procurement and Supply Chain community now have a standardised training 'essentials' package which they are required to complete as part of their initial induction process. These learning modules include a blend of both classroom and digital learning, which support ethical sourcing principals.

Supplier Assessment

Ensuring product integrity throughout our supply chain remains a high priority for us. 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.

As a company, we expect our suppliers and contractors to ensure their activities are:

- Legal
- Accountable and auditable
- Ethically, environmentally and socially responsible
- Economically effective
- Conducive to maintaining the organisation's ability to exploit appropriate technological, commercial and organisational developments as they arise
- Capable of identifying, minimising and managing risks that may threaten the supply chain or the wider organisation.
- Open to continuous improvement and development, in particular by the training, development and support of staff

Our supplier due diligence and on-boarding process is robust and rigorous checks against our prospective and active suppliers are carried out. After initial checks and third-party validation, suppliers are monitored for any new or additional information that might change our assessment. We carried out over 9,000 ethical checks in 2019 across our four nations.

If any ethical irregularities are found, the escalation governance will either terminate our relationship with suppliers or, where it is acceptable, we proceed with a risk management plan in place. Our Risk Managers work with our Procurement professionals to ensure the necessary mitigation and monitoring is effective. Our National Compliance Officers work with our Risk Managers and have an extensive training programme with our procurement and supply chain teams around ethical matters.



We expect our suppliers to adhere to the same ethical standards and values as we do

Security

People are MBDA's most critical asset and the Security teams remain committed to creating a secure working environment for employees across the whole of MBDA's estate. Security solutions continue to adapt to evolving business and customer requirements. One way MBDA is able to ensure that it is meeting the expectations of its customers and National Security Authorities (NSA) is through a robust program of security audits, both internally and externally led, designed to ensure the requisite NSA standards continue to be achieved, but also as part of Security's drive for continuance improvement. The outcomes from the audit processes in each NatCo are shared across the Group to promote best practice wherever possible.

Importantly, MBDA's Security teams are strongly supported by the company's senior leadership. For example, in November 2019, Éric Béranger signed a convention in Paris with Florence Parly, the French Minister of the Armed Forces, to strengthen our weapon systems against the threat of cyber-attacks. For a period of three years, the convention will engage MBDA and seven other prime defence contractors in France: Airbus, ArianeGroup, Dassault Aviation, Naval Group, Nexter, Safran and Thales in a collaborative effort in this critical area. Signing the convention demonstrates MBDA's commitment to protecting digital systems and recognises that the cyber threat must be considered and managed collectively within the defence community.

Last year, away from MBDA's main sites, the Security teams undertook a review of how the Security directorate supports export offices and commercial sites internationally. It is essential that MBDA employees operating in these environments feel supported and have access to the information they need to be successful in their roles. Throughout 2020, further effort will continue to be invested to ensure MBDA employees are well prepared prior to their deployments and that the environments they work in are secure and safe.



In 2019, the final module of the Security e-learning training path hosted on the YOULEARN platform was released. Consisting of four modules, the training helps employees, both new and well-established, understand their roles and responsibilities when working for MBDA. Inevitably, given the sensitive nature of much of the work conducted in MBDA, and the critical support provided to its customers, it is essential employees demonstrate the right security behaviours.

Through collective responsibility in areas such as: robust password protection and good 'cyber hygiene'; being mindful of where and with whom sensitive information is shared; reporting security concerns and challenging poor security practices, MBDA makes it harder for its information, and that of its customers, to become compromised. Equally, MBDA looks to its partners and suppliers, whose support is vital in delivering on the business's commitments to the customer, to also recognise the importance of a positive approach to security through their own people's behaviours and management of their working environments.



We remain committed to creating a secure working environment

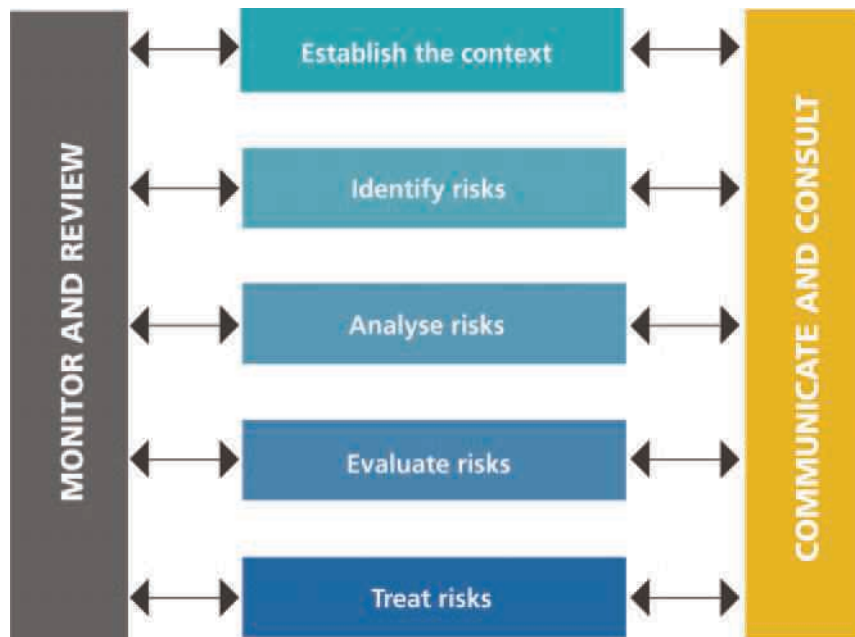
Risk management and insurance

Enterprise Risk & Opportunity (R&O) management principles, framework and processes are in place to protect and create the value of MBDA.

Access to MBDA's Active Risk Management (ARM) tool enables individuals to identify and input R&Os, analyse their impact and probability, treat the R&O by determining the appropriate action to mitigate the risk and achieve the opportunity and finally monitor and manage the actions.

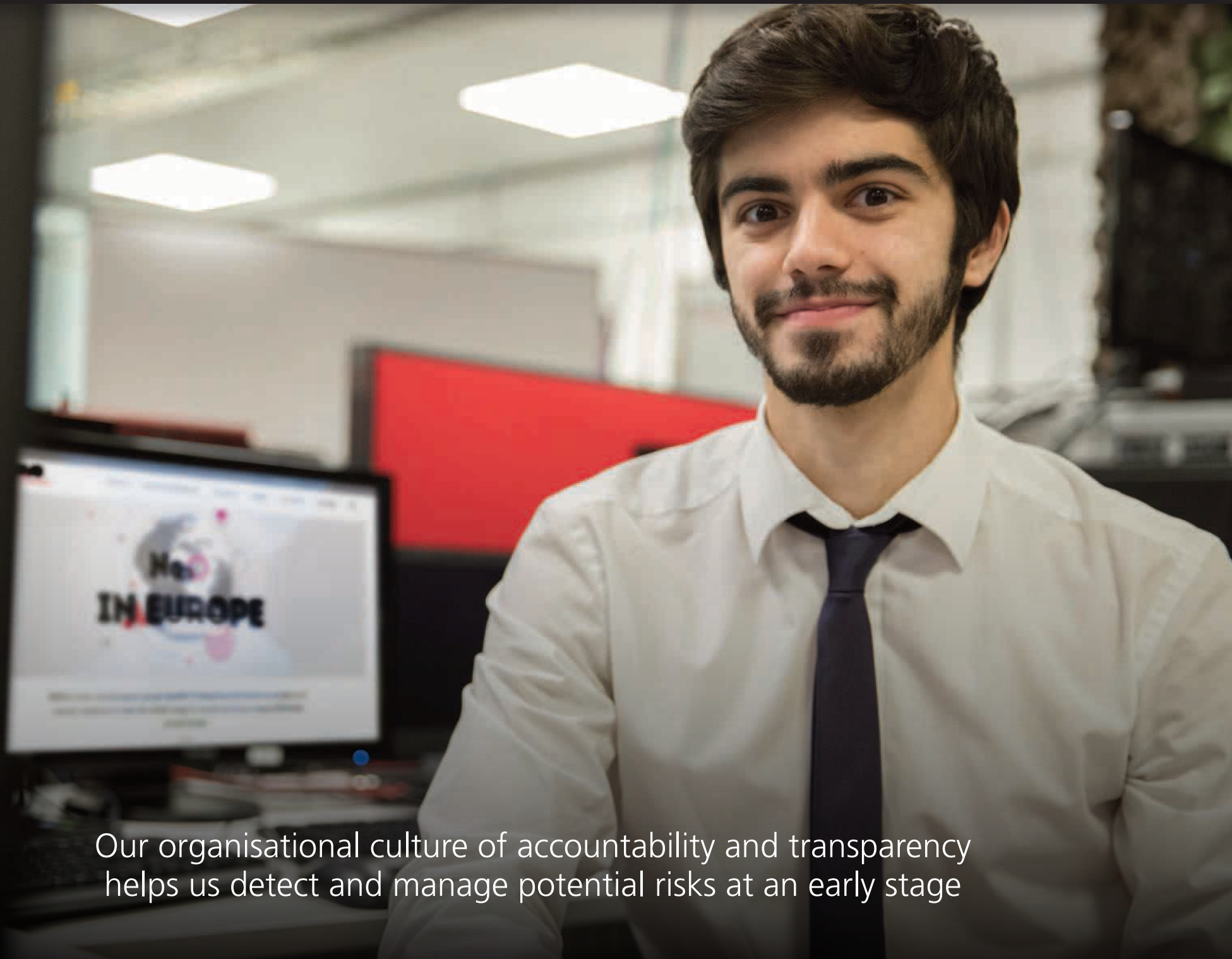
During 2019, there has been further enhancements in evaluating the effectiveness and timeliness of the risk and opportunity actions to aid the management of R&O by the various teams within MBDA.

A key part of risk management is crisis management and business continuity. Crisis management plans and processes mitigate the impact of an incident. Business continuity plans and processes reduce the recovery time back to normal operations. The Crisis Management Teams (CMTs) meet regularly to anticipate scenarios and conduct exercises to test MBDA's



response to these scenarios. Recent exercises include cyber attacks, protestors at site and mass casualties. Regularly training is provided to CMTs to ensure their skills are updated to manage an incident effectively.

Insurance is a risk mitigation strategy that transfers risk to a third party, the insurer, who will compensate for financial loss. During 2019, the insurance industry experienced a high number of claims mainly from natural catastrophes and litigations. As a result, the insurance market 'hardened' and reduced its capacity and increased premiums. We were successful in renegotiating our insurance policies to mitigate the impact of rising premiums and in parallel through risk assessments and loss scenario testing we were able to further enhance our insurance cover.



Our organisational culture of accountability and transparency helps us detect and manage potential risks at an early stage



“ Internal Audit is responsible for enhancing and protecting current and future organisational value by providing stakeholders with risk-based, objective, independent and reliable assurance, advice and insight. ”

– Peter Bols
Group CFO & Audit Review Board Chairman

Internal Audit

MBDA recognises that commercial success is not the only challenge global companies' face today, it is how this is achieved by doing the right thing in a responsible way. Internal Audit plays a significant part in our Governance Framework; it is a Group function that is accountable to the MBDA Board for delivering assurance and advisory activities. Internal Audit's purpose is to evaluate and recommend ways of optimising the effectiveness of business operations, including internal controls and governance in an independent, systematic and objective manner.

With specific knowledge of our corporate culture and business activities, the Internal Audit team effectively manages any identified audit risk and this also includes validating that we are correctly honouring our ethical responsibilities.

The Audit Review Board oversees all assurance activities across MBDA, it meets quarterly and is chaired by MBDA's CFO. The mission of this Board is to monitor and support the activities of Internal Audit, Risk Management and Quality and evaluate the status of and encourage actions on internal audit recommendations.

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 Ethics & Compliance, 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, Ethics & Compliance, Corporate Responsibility, Defence and Industrial Security and Health & Safety provide a focus on critical topics and undertake assurance activities across the company to ensure that local controls are working effectively.

3 Third line of defence – Independent assurance of both first and second line defences is provided by Internal Audit, which reports through the Audit Committee to the MBDA Board, thus ensuring its independence.

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.



Internal audit delivers this risk-based and independent assurance through three key auditing activities:

Business Operation Auditing

For the effectiveness of business operations and the relevant control environment in line with the company objectives.

Governance Auditing

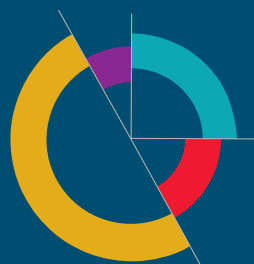
For the effectiveness of the company and JVs/subsidiaries governance in line with external regulations and Board/EC directions (ethics, anti-bribery, etc.)

Financial Auditing

For assessing the financial control environment in order to determine whether the internal financial controls are robust and operating effectively.

The importance of strong internal control remains a high priority for us. To this aim, each Internal Audit report identifies existing residual risks and establishes recommendations, as mitigating actions, along with relevant due dates and implementation leaders. Indeed, in an environment where our employees are open, willing to challenge the way they do things and continually improve, these audit recommendations add value and support us in driving the business forward.

2019 Internal audits by domain



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

In 2019, Internal Audit achieved the following results:

- Number of audit reports released: **13**
- Number of recommendations issued: **62**
- Number of recommendations closed by the business: **62***

The principal topics addressed through audit were:

- Our financial control environment
- Donations and sponsorship
- Centres of Excellence
- Cybersecurity industrial means
- Offset governance
- Export licence management

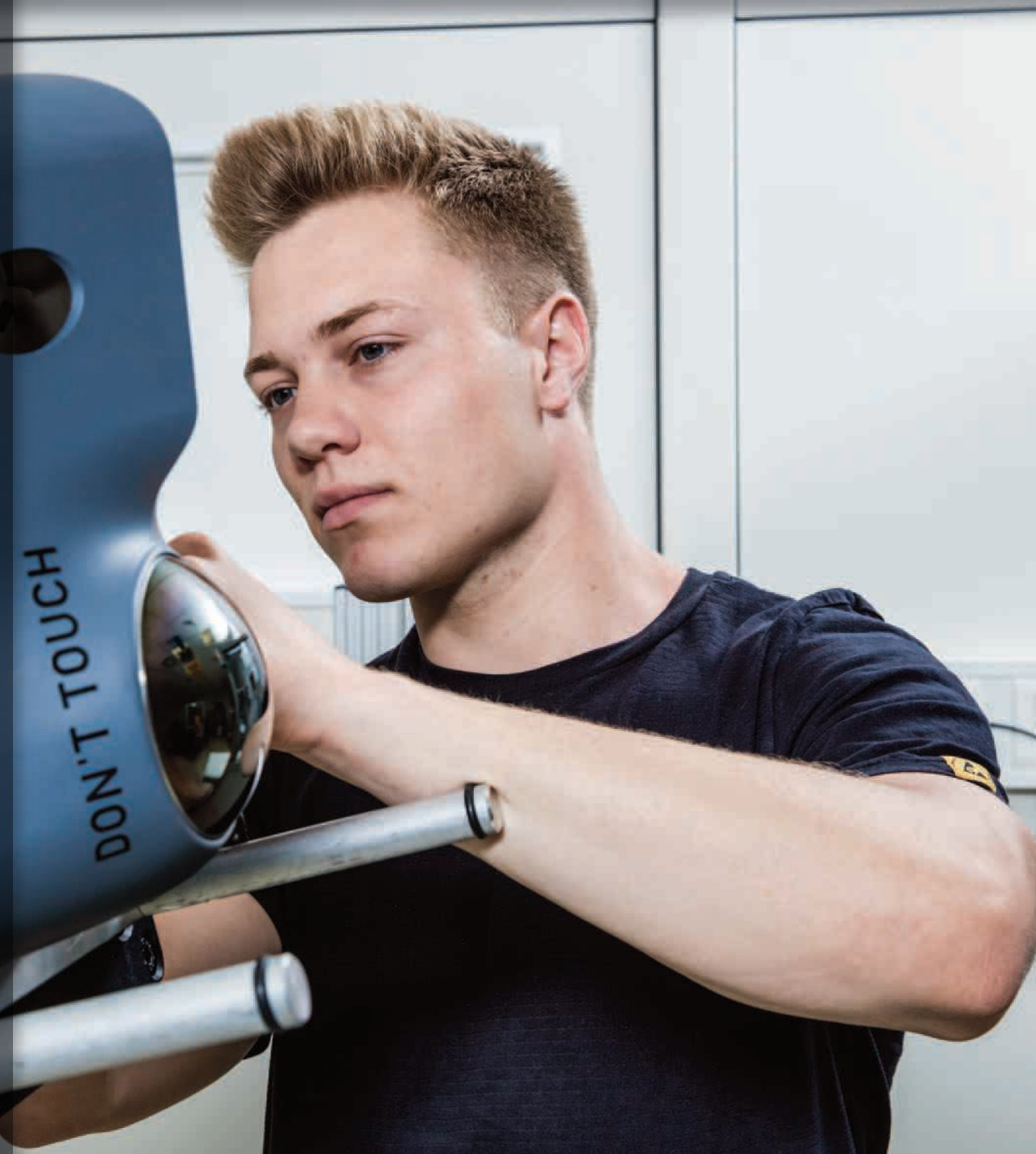
*Figure represents audit recommendations that were closed in 2019 from audits that took place 2018-2019.



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)

Artificial intelligence (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.

Artificial intelligence and related fields has already seen significant research and early adoption across MBDA. Use of AI in image processing, guidance, mission planning, co-operative weapons and other areas is

allowing MBDA to develop more effective, accurate and safe products, supporting operators in decision making and execution.

MBDA has also seen the ability for AI to deliver benefits when developing missiles, for example through automatic testing of software requirements, or reducing the number expensive aerodynamic tests through AI powered modelling. The use of AI throughout MBDA again will allow faster and more cost effective development of products, leveraging our extensive experience and data in new ways.



“ Artificial Intelligence is moving at a staggering pace and as we look to the future of our business, we regard AI as having significant potential. We continue to explore the potential applicability of AI, in particular as part of our product strategy, with extreme sensitivity, ensuring that we always remain ethical and responsible in our work. ”

– Thomas Gottschild
Executive Group Director Strategy and
Managing Director MBDA Germany



However, whilst expanding our use of AI, 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.

MBDA has had continued success in leading AI development in complex weapons. Some recent highlights of AI in MBDA include:

- Receiving the AAT General Engineer Chanson Award for AI target detection, recognition and identification
- Investment in Numalis, a start-up specialising in formal verification methods for AI
- Awarding of multiple contracts across our Group for AI related research, as well as engaging with laboratories and SMEs to build a strong AI eco-system
- Internal funding of AI Pilot Projects to accelerate AI development in key, core areas of MBDA
- Initiation of data governance studies and pilots across the company to cement MBDA as a data driven organisation

AAT – General Engineer Chanson Award

MBDA's 2ACI programme received the 46th AAT. General Engineer Chanson Award from the French Association of Land Armaments (Association de l'Armement Terrestre – AAT).

The 2ACI function Detects, Recognises and Identifies (DRI) land targets, and, by extension, air or naval targets, in real time, and improves tracking automation. The 2ACI programme meets a functional requirement common to the different French Armed Forces, in terms of active surveillance and threat anticipation.

This was the fourth time that MBDA overcame the competition from several projects to win the prize for innovation.



“ As the Programme Manager from MBDA, it is a great honour to jointly receive the French Association of Land Armaments' General Engineer Chanson Award, along with the team. This award recognises 20 years of work by MBDA on the Detection-Recognition-Identification of vehicles in terrestrial environments, by developing a machine learning-based approach and by assessing the target hardware adapted to porting this type of algorithm. This project would never have achieved such a success without the teamwork at MBDA between the image processing engineers, the synthetic imaging team, SET, EE, Future Systems and all the support functions. ”

– Anne Lise Chesnel
Programme Manager

Our export sales



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

As part of our export sales, we operate and sell our products to selected governments around the world and engage in various forms of international cooperation.

We are fully committed to and we comply with all the laws and regulations that govern these activities, which are subject to approval from our relevant governments who have robust export control regimes under continual review. We maintain the highest professional and ethical standards at all times – our established Code of Ethics reinforces our commitment to integrity and outlines the ethical principles that all employees are required to adhere to. ”

– Pasquale Di Bartolomeo
Executive Group Director Sales & Business Development and Managing Director MBDA Italy





Ethics and compliance

We act as per our Code of Ethics and decide using a double test: is it legal and is it ethical?



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

Ethics and Compliance

Integrity is one of the five values of MBDA. Our Code of Ethics aims to establish integrity in the conduct of our activities, in our relations with people, and in our environmental impacts. When acting in accordance with the company's Code of Ethics, we act with integrity. This is why MBDA is committed to comply with the laws and apply the highest ethical standards in all the countries where it operates, as stated in its Code of Ethics. Our Code of Ethics asks us to obey the law (mere compliance) and go beyond the law (ethics), in the pursuit of what we think is right balancing the interests of the Business, the People, and the Planet.

The Code of Ethics which is our foundation document was approved by the MBDA Executive Committee. It is implemented by detailed policies and procedures are approved by the CEO.

Ethics, Compliance and Responsibility (ECR) is an independent Group function that reports to the management of the MBDA Group. We have an ECR Officer in each of our domestic home countries who is responsible for local implementation of the ECR Program. The ECR Program is a Group program as it is a key choice of MBDA to have a consistent and harmonised approach whilst keeping, through national presence, a concrete visibility of the business activities.

The foundation of our Integrity

The Code of Ethics is a document that we refer to not only at initial employee on-boarding but frequently in our Company. It is becoming a component of our company culture, driven by the management, in order to develop our culture of integrity among our internal and external stakeholders.

Our Code of Ethics cannot cover every diverse situation that employees may find themselves in. This is why we encourage our employees to ask questions to their line manager, another member of the management team, the Human Resources department, the Legal department or one of our ECR officers.

We also recognise that, although we thrive to abide by our Code of Ethics, it is possible that one day, somewhere, one MBDA employee, director or officer, or one client or supplier do not act in accordance with our Code. Should this happen, we would like to know because we are committed to condemn the violation and remediate the situation.

We thrive for total quality in our products and the same standard of total quality applies in Ethics & Compliance. We want to do it right and to do it right the first time.

This is why we encourage speaking up on Ethics & Compliance. We believe that reporting near-misses or incidents in Ethics & Compliance is the same as reporting near misses or incidents in Health and Safety or Quality.

“Through our strength of leadership, the Business Ethics Committee maintains high ethical standards and continues the fight against corruption in all the countries where MBDA operates.”

– Francesco Giobbe
Group General Counsel and BEC Member



If an employee, director or officer has reason to believe that a violation of the Code has occurred, we encourage her/him to speak-up and report the alleged violation. Likewise, if any of our external stakeholders has reason to believe that our Code has been violated, we encourage reporting.

We offer several channels for speaking-up as we believe one should have the choice to use whatever channel one is more comfortable with: line manager or another member of the management team, the Human Resources department, the Legal department or an Ethics, Compliance and Responsibility Officer.

Reporters can also use our whistle-blowing line which comes in the form of an email that goes to the Group Human Resources Director and the Group General Counsel. The email address is report-allegations@mbda-systems.com. The identity of the person using the whistle-blowing line is kept confidential.

Irrespective of the channel of speaking-up that was used by the reporter, all reports are treated seriously and fairly as per our Allegation Policy and good-faith reporters and witnesses are protected by an anti-retaliation principle.



Integrity in action: fighting against corruption and advancing basic human rights

MBDA is engaged in the fight against corruption because corruption hinders economic growth, diverts tax revenues, stales democracy, destroys trust and ruins equality. We therefore prohibit any kind of corruption, whether public or private, direct or indirect, passive or active, including facilitation payments.

Our program addresses both hard and soft corruption risks, upstream in the supply chain and downstream in the sales function, covering all forms and shapes of corruption from bribes in money to improper sponsorship and donations, inadequate gifts and hospitality or conflicts of interest, via ghost employees or partners and disguised transactions. We perform anti-corruption checks on all our third parties from suppliers to business partners.

While we acknowledge sovereignty and compliance with local laws, we do believe that there are some basic rights protecting human beings irrespective of their nationality or place of living. This is why we refuse for ourselves and our suppliers to engage in slavery of any kind, forced, bonded or compulsory labour, human trafficking and

other kinds of slavery and servitude thus advancing basic human rights. We therefore perform human rights checks on our suppliers.

We train our employees (supply chain and sales) face-to-face and use case studies on real dilemmas to be effective both in the fight against corruption and in human rights. We want our employees to understand the rules and the impact of their violation, to detect potential violations and to report them.

Our multi-faceted, robust, and risk-based anti-corruption and human rights checks are fundamental in ensuring that our products have integrity inside: they are designed, manufactured, and sold with the highest ethical and compliance standards.

We see ourselves as a responsible company because we weight the various impacts that our business has on the People and the Planet. We make Ethics, Compliance, and Corporate Responsibility work together to define our Integrity.





We are balancing what is right for the planet, the people and the business



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.



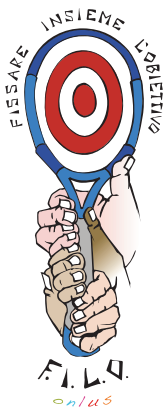
MBDA Italia support to social and cultural activities

During 2019, MBDA Italia continued to help various organisations in particular those caring for people in difficult situations.

One example was through a donation to the Institute Andrea Doria, a charity under the protection and surveillance of the Italian Ministry of Defence. Our donation was able to directly support the charitable activities of the Italian Navy, aimed at supporting their families through welfare and financial support.

We also supported F.I.L.O Onlus, a not-for-profit association composed entirely of volunteers based in Rome. The charity supports people with intellectual disability through sports activities, in particular tennis, soccer and bowling. Thanks to MBDA Italia, a group of disabled athletes

were able to participate in a 5° Special Olympics national tournament 'Más que tenis/More than tennis' organised by the Fundación Special Olympics España at the Rafa Nadal Academy in Mallorca. This special long-term project has been running for nine years and is a resounding success.





MBDA France's support to 'La Fabrique Défense'

In 2019, the French MoD launched 'La Fabrique Défense,' a series of events in multiple European countries, with the ambition to promote the spirit of defence among young adults aged 18 to 30. The initiative was aimed at providing a better understanding of international relations, military activities, contingency operations, job opportunities, the defence industry and at attracting talent in the defence community.

MBDA, from the beginning, was very supportive of this initiative and provided a financial sponsorship. La Fabrique Défense helps strengthen civil-military relations, whilst helping to build a European strategic culture and this also complimented a training programme in MBDA France that improves new employees' knowledge of defence.

The highlight of La Fabrique Défense was a two-day show in Paris, where MBDA had a company stand. Thanks to the commitment of our dedicated employees, we were able to introduce the world of defence systems as well as associated professional opportunities with a curious and open-minded audience. We were able to discuss our innovative culture and how we operate in a fast moving technological landscape, demonstrating our commitment to how we support those on the front-line of our Armed forces.

La Fabrique Défense was a great success, more than 6,500 attended across a wide audience which extended to soldiers, journalists, politicians and young people. As an integrated part of the defence community, we had an opportunity to demonstrate one of our simulators and provide an overview of job opportunities working in MBDA.





“The support from the defence community here this evening makes a huge difference to so many lives, and it has been fantastic this evening to hear first-hand from our beneficiaries to understand the positive impact our fundraising this evening will make.”

– Chris Allam
Managing Director MBDA UK and Group Engineering Director

MBDA UK Charity Dinner

MBDA's annual UK Charity Dinner is the biggest one-night charity fundraising event in the UK defence community's calendar.

Our first Charity Dinner was held in 1996, when it was the 'British Aerospace Charity Challenge Evening' and raised £5,650 for Marie Curie Cancer Care. The momentum of the event grew from there and the monies raised have since traditionally been split between our nominated military service charities and national and local charities from the areas where our UK sites are located. Since it began, our annual charity dinners have cumulatively raised more than £2 million for multiple good causes.

The absolute key to our event remains the support and donations that we receive from our customers and suppliers that attend the event, who help contribute to both live and silent auctions with fantastic prizes and extend their generosity in bidding for the auction items such as unique team building experiences.

The event brings together many of MBDA's values, and in particular Team Spirit, as employees work together to make the event the success it is. In 2019, the dinner raised a total of £201,700.



KlinikClowns

'To make sick people smile' – that's the mission of the KlinikClowns who have faith in laughing to give hope, relieve pain, strengthen the immune system and accelerate the healing process.

Two employees from MBDA Germany were given the opportunity to accompany two of the KlinikClowns in their daily work at the children's ward at a local hospital. With a lot of sensitivity, the clowns managed to distract the children from their illness and their daily routine at the hospital. All the clowns need is their humour, empathy, a red nose and their skills, for instance artistic balloon modelling.

Twenty two years ago, the KlinikClowns began their mission in children's hospitals. Today, children are not their only patients and the KlinikClowns are joking around with anyone in need of laughter from the ages of 0-100! Their work includes homes for the elderly, palliative wards, hospices and centres for people with disabilities.

In Bavaria, more than 60 clowns visit more than 100 institutions. Like many charity organisations, the KlinikClowns are dependent on donations. So it was a pleasure for MBDA Germany to donate to this worthy charity and support their work.





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.





“ Our external employer awards are testament to the continued success of our happy and motivated workforce, who together work to ensure the development and delivery of critical technology reaches our Armed Forces worldwide. ”

– Craig Murray
Executive Group Director Human Resources

Through the growth in our business, we have had the opportunity to welcome 4,650 new employees over the past five years. In addition to integrating new staff, we have maintained a well-balanced workforce blending newcomers 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 are have been critical to building MBDA’s success since its formation and through legacy companies.

Overview 2019

Our company values of innovation, commitment, integrity, passion and team spirit help guide our employees and ensure they are working to the same goals. Our values, carefully constructed to support our vision and mission, also help to shape our culture. The many achievements of our employees in 2019, working both as individuals and as members of wider teams, are fantastic examples of our employees living these values.

The principle pillar of our engagement strategy is our regular Employee Opinion Survey. The last Survey was conducted in November 2018, with 8,000 employees completing the on-line 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 showed 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. In 2019, after a period of analysis and working group activity, our NatCos and directorates began publishing their action plans to further improve areas of the business that our employees told us were important to them. These areas will be re-assessed during the next survey.

One HR

Developed in 2019, our new tool ‘One HR’ will evolve our people management culture by modernising our processes and tools across our multinational working environment. The platform, with a 2020 launch, will harmonise our people management activities by providing a modern, user-friendly platform across the Group and will, for example, record employee’s performance objectives, development plans and live organisation charts in one operating tool.





We encourage our employees to be curious,
to be open-minded and to listen to people



Education

In MBDA, we look to the future and place importance on inspiring tomorrow's engineers through a variety of activities and programmes. 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.

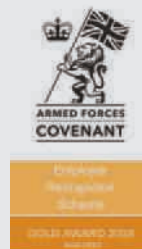
Careers are closely linked to academic choices taken at a relatively early age. We willingly invest time and resources in: education liaison, providing internships for school children, participating in national initiatives such as Girls Day and Science@School and supporting various outreach activities 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. These opportunities are instrumental in motivating and inspiring young people to pursue careers in science, technology and engineering.

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 2019, we continued to run seminars at the L'Ecole Militaire for recent joiners, where they were able in particular to hear from and interact with Military professionals and Senior MBDA Executives to gain both a greater awareness of Defence and Security but also the critical role played by MBDA and its products.

Our Organisation

In 2019, we recruited an additional 10% of our workforce and welcomed 1,150 permanent employees across France, Italy, Germany 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.

In 2019, 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 2019 Focus Magazine survey and awarded the title 'A Great Place to Work' for the sixth time and first in its category. MBDA France was recognised as a Top Employer by the Top Employers Institute for the fourth consecutive year and received France's Most Attractive Employer Award.



The Royal Navy Award for Advanced Apprentice of the Year 2019



Tatiana Peters, MBDA UK's Mechanical Engineering apprentice, won The Royal Navy Award for Advanced Apprentice of the Year 2019 and collected the prestigious honour at the 16th National Apprenticeship Awards. Tatiana's success is testament to our commitment to recruiting and developing the best young engineers, who are critical to the future of the company.

“ I am so proud of myself and extremely happy that so many people believed in me. By winning this award, I now have a prestigious platform to stand on. This will aid me in becoming a known role model for young girls to inspire into a STEM-related pathway and also to smash the stereotypes. ”

– Tatiana Peters
MBDA Mechanical Engineering Apprentice



Celebrating team and individual success

Externally, we also celebrate the accomplishments of employees. In 2019, employees from MBDA Italy were recognised as Maestri 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.

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.

Training and development

Building our employees' skills through training and development programmes is of primary importance to us. 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 an annual basis or sooner, if they change role. Our training is delivered through formal classroom-based learning, structured digital e-learning 'YOULEARN' and personal mentoring. This helps our employees gain the skills and confidence to meet new and challenging business requirements. In 2019, we invested on average 30 hours training per employee. Access to this wide range of professional development is welcomed by our employees with positive feedback.





Equality, Diversity and Inclusion

We are committed to supporting and promoting Equality, Diversity and Inclusion across our business and building an inclusive environment and culture where everyone feels able to contribute to their full potential. 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 2019, 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 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 2019, we continued our 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 supporting employees in both their professional and personal lives.

We are proud of our internal network and communities and the value they add to the business. We offer everyone the opportunity to develop personally, to share his or her experience and drive a more inclusive culture for the future of MBDA.



Pride at MBDA

Pride at MBDA is an employee network that was initiated at the end of 2018 by colleagues who are passionate about creating an inclusive culture, where all our employees can be themselves at work and make a maximum contribution whatever their sexual orientation or gender identity. Pride at MBDA is open to everyone irrespective of whether they identify as Lesbian, Gay, Bisexual, Transgender and Queer/Questioning (LGBTQ) or not.

In 2019, MBDA in the UK marked IDAHOBIT – the International Day Against Homophobia, Biphobia, Interphobia and Transphobia – through on-site engagement sessions and online events and articles. Pride at MBDA is also a founder member of the 'Pride in Defence' LGBTQ+ network of networks which was formed and encompasses all branches of the Armed Forces as well as other defence companies from across industry. We have also successfully engaged local companies to our sites and continue to hold awareness and support events for both managers and employees and with very positive feedback.



Selles-Saint-Denis celebrates 40 years

In MBDA, just as we aim to recognise the significant work-anniversaries of our individual employees; we also celebrate the key anniversaries of our sites.

In 2019, we were proud to celebrate 40 Years of our Selles-Saint-Denis site in France. The site, focused around manufacturing and integration, celebrated its 40th business year with current employees and some visiting retirees. The celebrations were themed around the programme: 'A return to when it all started, at the beginning of the 80s.'

During the day, employees were able to participate in many activities including a game of darts and table football chosen to remind employees of shared old-times. In the background, a band played music from the 80s and there was a quiz to test colleagues' knowledge of the site's history.

At the opening of the celebration, Director of SSD, Jérôme Somaini, thanked our employees for their dedication to their work, for many of which represented a significant period of employment. He highlighted that the event represented the ideal occasion to reinforce team spirit and the dedication of our employees to the company.



Bristol – 70 years

In June 2019, over 2000 colleagues, retirees, family and friends visited the Bristol Aerospace Museum to celebrate the 70th anniversary of our MBDA Bristol site.

Our site history began in 1949 when the Bristol Airplane Company Guided Weapons Division formed to develop the Bloodhound missile, this became the first surface-to-air guided weapon to enter service in the UK for the RAF. The special event marked seven decades of MBDA and its predecessor companies in the city. Attendees were able to learn more about the history of Aerospace Engineering in Bristol and MBDA's Bristol heritage, including what made it a hub of collaboration and customer focus over the years.

During this special event, our guests were met on arrival by an MBDA Bristol 70th anniversary hot air balloon, in keeping with the region's strong links to Balloon flight. Everyone was free to explore the museum's exhibits that tell the rich history of Bristol's Engineering heritage from trams, cars, airplanes, engines, guided weapons and satellites. There were also circus performers, live music, a funfair, as well as a Young Engineers Workshop to keep everyone of all ages entertained. Nearly £4,000 was raised for charity and the winner of the hotly contested Charity Challenge cake competition won a ride in the hot air balloon.

“ It was wonderful to celebrate 70 years of engineering excellence in Bristol with current and former colleagues and their families and friends. MBDA has a long history in the city of which we are rightly proud. ”

– James Allibone
Deputy Managing Director, MBDA UK





We are proud of our heritage and we remain committed to adding to our success through our next generation of future technologies



Left: Employees enjoyed a family evening of live entertainment including fire dancers and singers.

“ It is owing to this super team that we, as a comparatively small company, are technology leaders in some areas. The economic situation of the company is excellent and we are well prepared for the future. ”



Bayern-Chemie celebrates its 50th anniversary

Bayern-Chemie is a wholly owned subsidiary of MBDA, located in Aschau am Inn, Germany. In July 2019, Bayern-Chemie marked its 50th anniversary inviting selected guests to a ceremony during which the history of Bayern-Chemie, as an innovation driver and technology leader for solid-fuel ramjet propulsion systems, was celebrated along with the regional importance of the company as an employer.

In addition, an evening celebration was held at Tuessling Castle for employees and their families to appropriately honor the special merits of the workforce in the successful development of the company. Our employees commented on how much they enjoyed coming together, as a team, and with their families to celebrate this important day in the company's history.

In his opening speech, Dr. Wolfgang Rieck, Bayern-Chemie CEO emphasised the close ties Bayern-Chemie has with the Aschau plant and the entire region and thanked the employees in particular for their dedication and loyalty.



– Dr. Wolfgang Rieck
Bayern-Chemie CEO



Health & Safety

Achieving a positive Health and Safety culture with proactive risk management is one of our core objectives and an integral part of our Corporate and Social Responsibility.

All of our national companies and employees are committed to comply with our Group 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 engagement events and campaigns, which have included the identification of hazards and understanding the need for safety controls; this has resulted in a demonstrable positive change in culture.

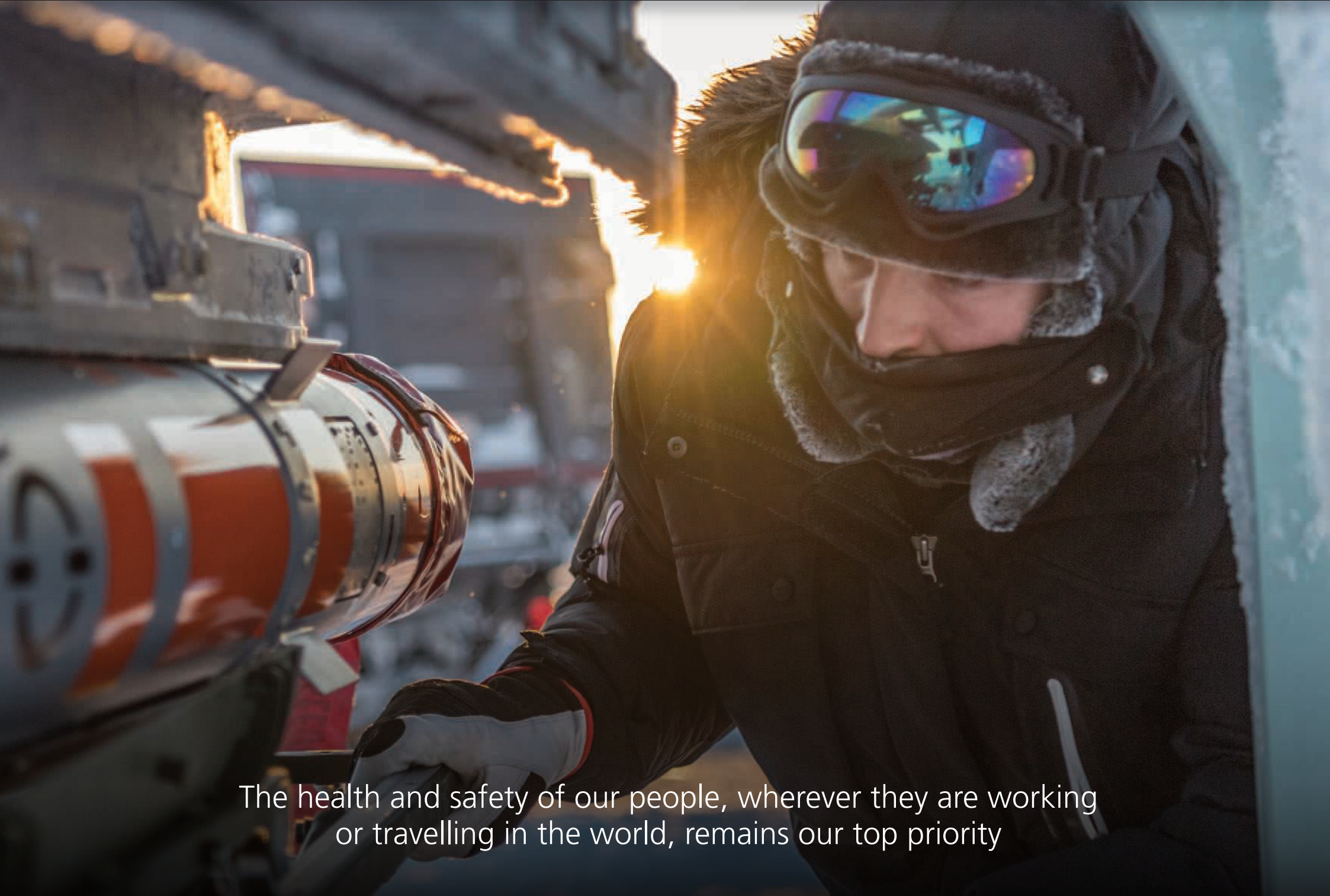
Our employees are provided with training and supervision to empower them to take responsibility for a safe working environment and they are encouraged to report any concerns in line with our health and safety policies. As part of our risk assessment, we also record 'near miss' accidents

and share these across our sites. Whilst these unplanned events did not result in any injury or damage, we acknowledge that they could have a different outcome. We use these examples as investigation focal points, where risk is potentially higher, so that we can conduct the appropriate root cause analysis and improve.

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. Making sure our workplace is safe, with safe systems of work is not enough without the correct personal protective equipment (PPE). We provide the necessary instruction to ensure this is used consistently and safely through employees' line managers.

“ In MBDA, we successfully operate a culture of safety first. We take responsibility for the care of our employees and our visitors by reducing the risk of harm to a minimum through detailed risk assessments, in sometimes challenging environments, across all of our operations. ”

– Denis Ballet
Executive Group Director Operations



The health and safety of our people, wherever they are working or travelling in the world, remains our top priority



36% 
REDUCTION IN OUR
RECORDABLE
ACCIDENT
INCIDENT RATE
OVER THE PREVIOUS
12 MONTHS



Different countries and operating environments pose different health and safety risks and national regulations. As our business continues to expand in emerging markets overseas, we remain vigilant and we conduct the appropriate risk assessments.

MBDA Italy and UK remain successfully certified to ISO 45001, the new internationally recognised occupational Health and Safety management system standard, with MBDA France who are

certified to BS OHSAS 18001 to follow at the next ISO certification renewal.

In 2019, MBDA recorded a Recordable Accident Rate of 210 per 100,000 employees and we are pleased to report a 36% improvement over the previous 12 months. Our Health & Safety teams have worked hard in preventing accidents, particularly in our manufacturing environments – which can carry a higher risk, and this reduction is testament to the focus we place on our employees' wellbeing and the safety of our engineering workplace.

We consistently maintain zero pyrotechnical accidents; we are very aware 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 promote safe work practices, safeguarding our employees, those working on our behalf and the working environment.



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
33%** 

**INCREASED ITS
RENEWABLE ENERGY
USE BY
76%** 

**REDUCED ITS ENERGY
CONSUMPTION BY
8%** 

**REDUCED
ITS WATER
USE BY
19%** 

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, 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

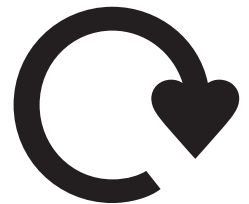


existing environmental and quality management systems and in 2019, this model was used as an example of excellence at our other operating sites.

**IN 2019
MBDA
PRODUCED**



**12,509
TONNES
OF WASTE**



**68%
OF WASTE
RECYCLED**

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



MBDA Italy: Zero Single-use Plastic Project

98m³ OF SINGLE-USE PLASTIC SAVED IN ONE YEAR

In MBDA Italy, we launched the Zero Single-use Plastic Project 2019, sponsored by the Managing Director, in order to reduce environmental pollution.

The scope was to decrease the single-use plastic cups, bottles, dishes and cutlery used for food and beverages in the canteen, our catering services and the snack vending machines.

The project involved changing the behaviours and habits of our employees and our suppliers. As a result, our catering services were re-designed and the single-use plastic substituted.

Disposable plastic bottles of water were replaced with reusable water bottles distributed to all employees. We installed a new water dispensing service located in all of our buildings, which produces natural still/ sparkling cold water and hot water.

Our canteen substituted plastic cups with glasses and plastic dishes, cutlery and cups were replaced with alternative reusable materials. Our employees and management considered the project a success.

MBDA Germany's 'Think before you drink!' campaign

Acting on a number of employee improvement suggestions from our IDEA tool, MBDA Germany created a project to find an eco-friendly alternative to single-use plastic cups.

The result was clearly the need to abolish the disposable cups completely and we made a call to all employees to use existing mugs and cups, which are available in all office kitchen areas and in the canteen.

In May 2019, the 'Think before you drink!' began with news articles on our intranet as well as posters at our sites. As a result of the campaign and through the engagement of our employees, our site in Schrobenhausen was free from single-use plastic cups from September 2019.

The savings per year are now as follows:

- 300,000 less cups procured/disposed of
- Waste reduction: 3.35 tonnes
- Carbon emission saving: 12.1 tonnes
- 37.2m² of forest of forest saved
- Excellent engagement and support of our employees



MBDA UK optimise waste management

Whilst MBDA endeavours to recycle as much waste as possible, historically some non-hazardous has been sent to landfill. In 2019, we took the opportunity to review and improve the waste management initiatives across our UK sites. We collaborated with a full waste and recycling service company to work in conjunction with our on-site maintenance service provider. This partnership has enabled us to reduce the amount of waste that we send to landfill and has provided positive results.

By adopting the recycling and energy recovery options for waste disposal, we have saved the equivalent of 350 trees in one year. The new waste tracking system has improved our ability to monitor, evaluate and record our progress towards zero waste operations and it will continue to help us strive towards reducing usage and improving recycling targets each year.

 **350 TREES**
SAVED THROUGH
CARD & PAPER RECYCLING

 **60%**
OF NON-HAZARDOUS
WASTE RECYCLED

 **40% OF**
NON-HAZARDOUS
WASTE USED FOR
ENERGY RECOVERY

MBDA France – high quality environmental building challenge

As part of our 2019 site expansion plan in MBDA France, we made plans to invest in a High Quality Environmental building with a view to obtaining HQE French certification in accordance with the 'tertiary buildings' standard. HQE promotes best practices and sustainable quality in building projects.

The new building, covering an area of around 20,000m², was designed to predominantly accommodate office space in particular for our engineering teams. The interior designed to promote collaborative working for our employees whilst enabling creativity within the teams.

Through this project, we took into account some major environmental challenges. One of the main priorities was to design a building with low energy consumption, the target set (the French Energy Efficiency standard 'RT 2012' – 20%) going far beyond the regulatory framework. The design of this project was around a permanent monitoring of energy consumption and performance through a Building Management System 'BMS'.

The Certivea Agency, responsible for local planning, has since certified that our building has an excellent HQE level in terms of Program and Design. We expect the building to be operational in the first half of 2020, after which a follow-on audit will take place.

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	0.0392 kg CO ₂ e/kWh
Gas	0.227 kg CO ₂ e/kWh

These factors are extracted from the Bilan Carbone tool, elaborated by ADEME (Agency for Environment and Energy Control) <https://www.bilans-ges.ademe.fr/en/accueil/documentation-gene/index/siGras/1>

GERMANY

Electricity	0.3 kg CO ₂ e/kWh
Gas	0.19 kg CO ₂ e/kWh

ITALY

Electricity	0.316 kg CO ₂ e/kWh
Gas	0.2 kg CO ₂ e/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.

UK

Electricity	0.2556 kg CO ₂ e/kWh
Gas	0.18385 kg CO ₂ e/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).

SPAIN

Electricity	0.238 kg CO ₂ e/kWh
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The figure is provided by the Ministry of Industry, Energy and Commerce (IDAE department).



Contact us

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