



Sustainability at MBDA
Our Ambition for our Supply Chain

Introduction

MBDA is deploying its ESG (Environmental, Social and Governance) approach on sustainability with its supply chain. As part of this approach, MBDA wishes to outline a global sustainability ambition for all MBDA countries and secure commitment from its Suppliers on a number of key related topics.

This document is an initial fundamental step in establishing a sustainable supply chain, which precedes the adaptation of procurement contracts and the implementation of sustainability processes within procurement and operations.

The purpose of this ambition statement is to set out our expectations of our Suppliers, existing and prospective, the key sustainability topics and how we propose to work towards achieving our goals, working in collaboration with them and across the MBDA Group.

Our objectives

MBDA's Sustainable Procurement objectives are-

- To reduce the environmental and social-economic consequences of missile system design, manufacture, use and disposal.
- To benchmark, develop and implement metrics which evidence improvements in ESG over time and seek continual improvement, both internally and through our Supply Chain Management practices
- To comply with all relevant legislation and regulatory requirements, including those flowed down through our contractual obligations to our customers
- To promote awareness of Sustainable Procurement topics internally and with our suppliers and contractors
- To ensure that our suppliers uphold the same high standards across all aspects of ESG as we do internally
- To procure sustainable products and services wherever possible
- To encourage innovation from our supply chain across ESG topics and work closely with Small Medium Enterprises (SME's)
- To include ESG criteria in our tender evaluation criteria to be considered when appraising offers from potential suppliers

Our Expectations

1. Fighting bribery and corruption

Suppliers commit to engage in the fight against bribery and corruption alongside MBDA.

Suppliers, including their Tier-1 suppliers, will need to demonstrate that they have put in place systems or controls to address the bribery and corruption risk.

2. Fighting child labour and slavery, servitude, forced labour, compulsory labour and human trafficking

Suppliers commit not to:

- have employees or subcontractor employees below 15 year old even though it would be permissible under local law,
- use any forms of slavery, servitude, forced, compulsory labour and human trafficking.

Moreover Suppliers commit to:

- make sure that their Tier 1 suppliers abide to the same above prohibitions and,
- demonstrate that they have put in place systems or controls to address the above requirements.

3. Enforcing Trade Control

Suppliers commit to comply with all applicable laws and regulations for both the import and export of parts, components, technical data or services as well as respecting any sanctions and embargoes in force.

Suppliers will need to demonstrate that they have put in place system or controls to address the trade control risk.

4. Health, Safety and Environment at work

- **Stakeholders' health and safety protection:**
 - ✓ H&S management system: Suppliers are expected to implement and maintain an appropriate Health & Safety management system (ISO 45001 or equivalent) and develop workers and suppliers' awareness of these policies.
 - ✓ H&S engagements: Suppliers and partners should operate with consideration for Environmental, Health and Safety risks and commit to managing, preventing and mitigating those risks.
 - ✓ Transparency on H&S issues: Suppliers are expected to cooperate with MBDA and report any issue or concern regarding health and safety that could impact supply chain and/or the integrity of people.
 - ✓ Management of risk: Suppliers are encouraged to manage and identify risks within their supply chain regarding health, safety and environment and put in place processes to ensure risk mitigation when necessary
- **Harassment**: Suppliers are expected to maintain a working environment that is free from physical, psychological, sexual and verbal harassment, or other abusive conduct.
- **Working hours**: Suppliers are expected to comply with applicable laws and regulations as well as International Labour Organisation governing maximum working time, daily and weekly rest periods and annual leave in countries in which they operate.
- **Environmental management system**: Suppliers are expected to implement and maintain appropriate environmental management systems (ISO 14001 or equivalent) to ensure compliance with all applicable laws and regulations and promote awareness of those policies.

- **Environmental impact minimisation :**

- ✓ Energy use: suppliers are expected to put in place specific processes and tools to manage their consumption of energy and foster energy efficiency initiatives.
- ✓ Recycling and waste: Suppliers are expected to put in place specific processes and tools to manage waste generated at the various stages of its activity and use reusable or recycled packaging materials wherever possible.
- ✓ Natural resources preservation: Suppliers are expected to engage on means to limit their impact on water, biodiversity, ecosystems, and depletion of natural resources.
- ✓ GHG emissions: Suppliers should undertake processes to measure, manage and to optimize, wherever practicable, their greenhouse gas emissions.
- ✓ Sustainable product and process: Suppliers are expected to incorporate sustainability criteria into the purchasing of products and services through the whole life cycle to reduce impact in this area without affecting overall quality.
- ✓ Substances and chemicals: Suppliers are expected to ensure safe usage of their products in their whole life cycle through communication of up-to-date information regarding environmental, health and safety (EHS) issues.
- ✓ Environmental engagements: Suppliers and partners should operate with consideration for environmental risks and commit to managing, preventing and mitigating those risks.
- ✓ Management of risk: Suppliers are encouraged to manage and identify risks within their supply chain regarding environment and put in place processes to ensure risk mitigation when necessary.
- ✓ Carbon emission: Suppliers are encouraged to identify and implement processes to reduce their Carbon emission.

5. Conflict materials

Suppliers are expected to comply with all applicable laws and regulations regarding direct and indirect sourcing of conflict materials and conflict minerals.

MBDA expect our suppliers to:

- Commit to adherence to the EU Conflict Minerals Regulation where applicable, and flow this requirement down through their supply chains.
- Be transparent and open with MBDA on the source of any minerals used to fulfil their contracts and evidence due diligence measures are in place.
- Inform MBDA immediately if they find or suspect that minerals from conflict-affected and high risk areas are being used within the supply chain and provide details of mitigating actions being taken.

6. Speak-up culture and whistle-blower protection:

Suppliers are expected to ensure that their employees and third parties have access to adequate anonymous reporting independent channels to raise legal or ethical concerns without fear of retaliation.

7. Diversity & Inclusion:

Suppliers are expected to provide equal employment opportunities to all employees and applicants without discrimination fostering a diverse and inclusive work environment and complying with all applicable laws and regulations.

8. Wages & overtime:

Suppliers are expected to pay workers at least the minimum compensation required by applicable laws and regulations and provide all legally mandated benefits, including overtime pay at least equal to regular hourly payment rate.

9. Local communities' support:

Suppliers are encouraged to make a positive social and economic contribution to the local communities it interacts with.

10. Counterfeit goods control:

Suppliers are expected to put in place appropriate processes to minimize the risk of counterfeit parts and materials being delivered. Suppliers should be able to notify recipients of counterfeit products when delivered and exclude those products from future deliveries.

11. Payment practices:

Suppliers should comply to all agreed contractual payment terms and all applicable laws and regulations. They are expected to pay undisputed and valid invoices on time.

12. Tax payment:

Suppliers must ensure they comply with all applicable laws and regulations regarding tax, whilst being open and transparent towards relevant tax authorities. Suppliers should put in place effective controls to minimise tax evasion risk or its facilitation.

13. Accurate records:

Suppliers are expected to maintain accurate records at all times, keeping evidence in any business transaction and not altering any record entry.

Suppliers and partners involvement in ESG strategy:

We would like our Suppliers to work with MBDA to support our ESG ambitions. MBDA encourages Suppliers to have their own ESG Strategy/Policy and share it with us.

Depending on the topic we may also be obligated, either by Law or via flow-down terms from our customers, to provide data/metrics for reporting purposes, which we may have to obtain from you and your suppliers.