



# CORPORATE & SOCIAL RESPONSIBILITY REPORT 2017

**MBDA**  
MISSILE SYSTEMS

# CONTENTS

## OUR BUSINESS OVERVIEW



CEO statement	3
Executive summary	4
Who we are	5
Our Vision, Mission, Values and Strategy	7

## OUR MAIN REPORT



CSR across our five domestic home countries	8
Our corporate and social focus – five principal domains	9
Providing assurance to our customers and shareholders	11
Business ethics	22
Company giving and community engagement	25
Our people	29
Environmentally responsive	34
Appendix	37

### Navigating your way around this report

Contents list 

Back/forward by page ◀ ▶

Back/forward by section ◀◀ ▶▶

or click on section menu bar at the top of page

This is MBDA's ninth annual *Corporate and Social Responsibility Report* covering the calendar year 2017.

### Copyright statement

This document and the information contained herein is proprietary information of MBDA and shall not be disclosed or reproduced without the prior authorisation of MBDA UK Limited.  
© Copyright MBDA UK Limited 2018.

'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:  
**[ethics-csr@mbda-systems.com](mailto:ethics-csr@mbda-systems.com)**



### 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.*

# ANTOINE BOUVIER, CEO

“

As a global company operating in many different environments, Corporate and Social Responsibility (CSR) continues to be a fundamental aspect of our business.

During 2017, working under our framework of CSR initiatives and associated policies, we continued to make excellent progress. Through our skilled workforce, we embraced the innovative challenges placed upon us, further developing our portfolio of increasingly advanced technology. We remained passionate about our work in the local community; supporting schools – inspiring the next generation of engineers and scientists and helping charities that work close to us. Inside MBDA, we continued to develop our approach, maintaining a safe working environment and minimising our environmental footprint helping to build a sustainable future.

MBDA has an established Code of Ethics; this underpins our corporate culture and our company values, helping to ensure our employees act with integrity at all times. Our company's dedicated commitment to ethical business conduct has earned us the mutual trust of our customers, employees and suppliers.

Our employees remain at the centre of our corporate responsibility efforts and we recognise that our current and future success depends on the team spirit and engagement of our people. We have in the last year expanded our high-performing workforce, recruiting over 1,000 permanent employees, graduates and apprentices, meeting our diversity aspirations, ready for the challenges of 2018 and beyond.

In a world where CSR has never been more prominent on the corporate agenda than it is today, we continue to operate in a transparent way. In this report, we feature highlights of the important work carried out by our company and our employees, which makes us proud to deliver the critical capabilities required by our customers.

”

## 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.*



# EXECUTIVE SUMMARY

**With over 10,700 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 remain committed to finding new ways, helping to play our part in creating a better tomorrow; this report reflects on our 2017 achievements towards this aim.**

We continue to provide assurance to our customers and shareholders through our dedicated risk management practice and our annual Internal Audit and Quality Audit Programme helps us identify and mitigate risk effectively. We continue to promote and implement our inspiring innovation programmes, which drive our employees to think innovatively with outstanding success; in turn, this helps us to grow and gain competitive advantage.

We embrace the value of integrity through our Code of Ethics; continuing to apply this daily to our internal and external business activities. We have advanced our ethical business conduct training with over 1,060 employees now trained in business ethics and over 7,000 employees who have viewed our business ethics video. This has supported us in strengthening our customer relationships, our supplier partnerships and the integrity of our employees.

This year, we were pleased to support again some diverse and interesting good causes as well as educational programmes – some of which are underlined in this report. These opportunities have not only allowed us to support charitable causes but also deliver economic benefit to the local communities and motivate young people in the important subjects of science, technology, maths and engineering.

2017 was a positive year in successfully integrating over 1,000 new employees into our workplace, whilst maintaining a high level of employee motivation and engagement. We continue our investment in skills, through training and development, with recognition of our excellence achieved through a number of national awards. More precisely, we were recognised in the UK by 'The Sunday Times Top 30 Best Big Companies to Work For', in Germany as one of the best employers in the 2017 Focus Magazine and in France as a Top Employer by the Top Employers Institute.

We take the risks of climate change and the depletion of natural resources seriously. We continue to take into account the environmental impact of our business decisions and the use of energy by modernising our facilities wherever possible. Last year, we also encouraged the same environmentally friendly mind set in our employees by running local campaigns to improve our waste output and recycling schemes.

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

– Helen Kersley-Allinson  
Group Head of Corporate Responsibility



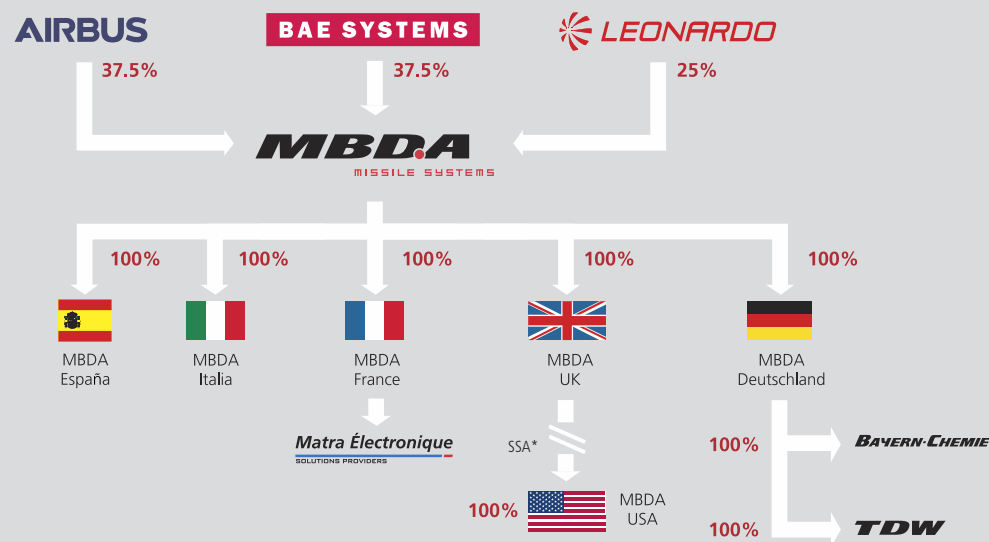


## MBDA – a European champion in missiles and missile systems

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

We are the only European group capable of designing and producing missiles and missile systems that correspond to the full range of current and future operational needs of the three armed forces: land, sea and air. In total, the Group offers a range of 45 missile systems and countermeasure products already in operational service, and more than 15 others currently in development.

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



## 2017

Strong financial performance

Revenue	€3.1 Bn
Order intake	€4.2 Bn
Order book	€16.8 Bn



# WHO WE ARE



LAND



AIR



SEA



We provide decisive military capability to protect national security and enable strategic independence



# OUR VISION, MISSION, VALUES & STRATEGY

## 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 VALUES



### INNOVATION

Ensuring operational and strategic advantage.



### COMMITMENT

Always delivering on our promises.



### INTEGRITY

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



### PASSION

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



### TEAM SPIRIT

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

## 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.



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

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



# Our corporate and social focus – five principal domains



Photo © Copyright ADO.

## Providing assurance to our customers and shareholders

PAGES 10-21

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.

## Business ethics

PAGES 22-24

Integrity, transparency and honesty are the pillars of our business ethics approach and commitment.

We constantly strive to build upon our actions to improve our ethics stance and foster a business ethics culture throughout MBDA.

## Company giving and community engagement

PAGES 25-28

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

PAGES 29-33

We believe our people are our greatest asset.

We actively encourage an inclusive and diverse culture.

## Environmentally responsive

PAGES 34-36

We invest in specific initiatives to control our energy consumption and reduce our impact on the environment.

We have ambitious environmental aspirations outlined in our future vision and through our general business operations.



Our commitment to maintaining the highest quality of customer relationship means that we are continually innovating and looking for improvements on how to provide the best support and services, ensuring quality and performance



# PROVIDING ASSURANCE TO OUR CUSTOMERS AND SHAREHOLDERS

**Internal Audit's primary obligation is to deliver assurance to our customers and shareholders concerning the company's activities, putting risk awareness and integrated assurance at the heart of the organisation's strategic decision making and business operations.**

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

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

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

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

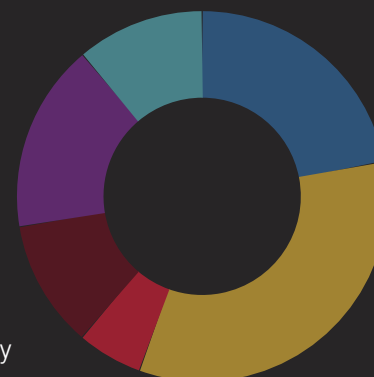
All three lines work effectively with each other and with the Audit Committee in order to create the right conditions to manage the associated risks. In addition, an Enterprise Risk Management approach ensures that risks, and in particular emerging risks that may pose a new threat to our business, are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

In 2017, a number of processes and improvements were introduced across the business as a direct consequence of our activities, as we continue to oversee the delivery of our audit recommendations.

We also engage in an annual improvement plan aimed at ensuring that our tools and techniques, along with our skills and practices, are continually reviewed and refined in order to provide the most efficient and effective audit service to our stakeholders.

## 2017 internal audits by function

- Governance/Ethics
- Finance
- Product/Programme
- People/Security
- Subsidiaries
- Technical & Industrial Capability



## Risk management

*Risk management is fundamental to the success of MBDA and is carried out throughout the organisation. It is embedded within our culture and is core to the management of all our programmes and activities to ensure the achievement of our commitments and objectives.*

At a site level, we work closely with our insurers to identify threats and risks to our facilities and operations and our positive response to their suggestions and recommendations has led to their independent recognition that we are above the standards normally found and expected in comparable businesses. This contributes to maintaining a secure environment for our employees and visitors and generally helps protect and maintain our means to deliver.





## Quality assurance

*We are committed to delivering products and services at 'world-class' quality level, whilst satisfying all design requirements with no defects and high reliability along the whole operating lifecycle.*

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.

Our quality achievement is backed by EN9100 and ISO9001 and 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.

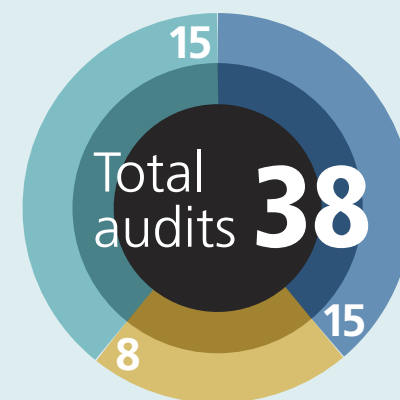
At the close of 2017, we restructured our Quality organisation resulting in a new integrated and independent Directorate covering all the Quality activities across the whole Group, which is expected to reinforce the quality support to our business. We launched a revised Quality Policy based on our current objectives and values. This is the principal directive that ensures quality principles and quality models are in place to guide all company activities that impact quality of products and services.

## Quality audit

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

Quality audits objectively evaluate whether the BMS meets the Company's overall strategy and business objectives and conform to Company product realisation requirements, customer requirements, applicable statutory and regulatory requirements and international standards.

Quality auditors seek to identify credible risks and opportunities to improve BMS process effectiveness, reliability and efficiency.



- National and Group-wide
- Quality Internal Control
- LRQA Audits



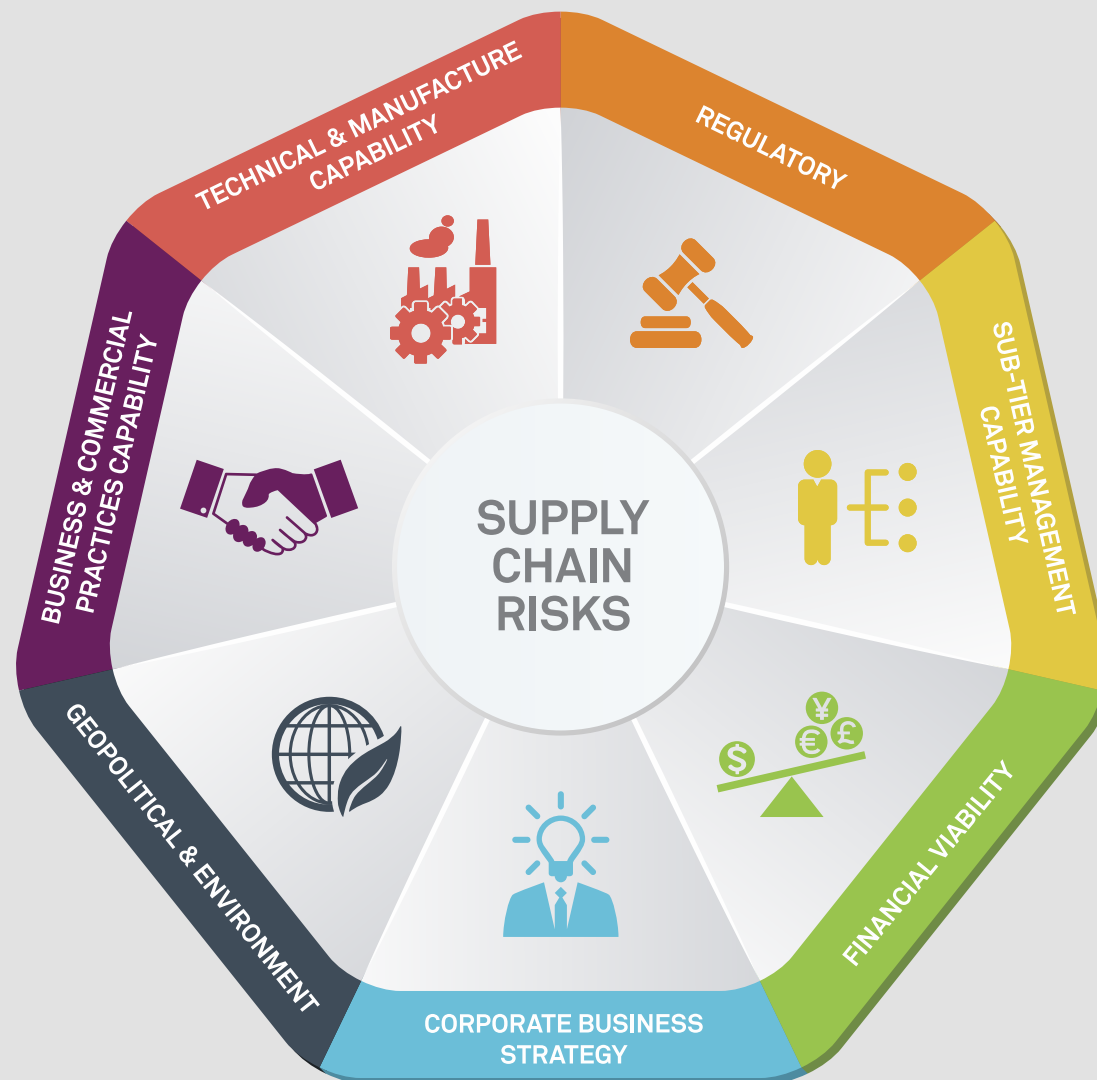
# ASSURANCE THROUGH OUR SUPPLY CHAIN

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

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.

As such we assess potential suppliers as part of our risk registration process to ensure that we are working with ethical suppliers who share the same principles and values as us. We work with our active suppliers to ensure they have appropriate systems and risk mitigation strategies in place to assess their own business and their sub-tier suppliers.

We deliver a Supply Chain Risk Management model that is based around seven key risk areas creating a risk profile for each supplier at the earliest possible opportunity. This approach is aimed at improving the early identification, prevention and mitigation of supply chain risk in order to ensure a sustainable and high performing supply chain throughout the full lifecycle of our products. It achieves this by enhancing the levels of screening, risk understanding, mitigation and reporting of transversal risk.





As a global leader in a complex industry, we want to forge successful relationships with our suppliers built on mutual development, flexibility, integrity and competition. At MBDA, we see suppliers partnering with us, in a joint effort to develop tomorrow's solutions, today

## Managing Supply Chain Risk

Our ability to understand potential risk in our Supply Chain is fundamental to our working practices and as such we ensure our employees receive the appropriate training and support.

For example, in accordance with new regulations, we have developed a number of protection mechanisms to ensure that counterfeit components do not enter our supply chains and as a result our products. In 2017, we reviewed and refreshed our group wide counterfeit policies. As part of this, we developed a comprehensive communications programme which includes awareness training sessions; this will be rolled out to all involved employees across the Group during 2018.

It is important that all of our Procurement and Supply Chain personnel are aware of supplier fraud risks and are able to recognise and report potentially fraudulent activity. It is equally important that we limit our financial, business and reputational risk, so we regularly track and assess our suppliers' financial performance. We have introduced mandatory e-learning modules to be delivered to the whole of the Procurement and Supply Chain community group-wide. This is to ensure that they are aware of the potential dangers of supplier fraud, can recognise possible attempts at fraudulent conduct and detect early any financial risk in terms of performance or irregularities.



# ASSURANCE IN INNOVATION

## Preparing tomorrow's business

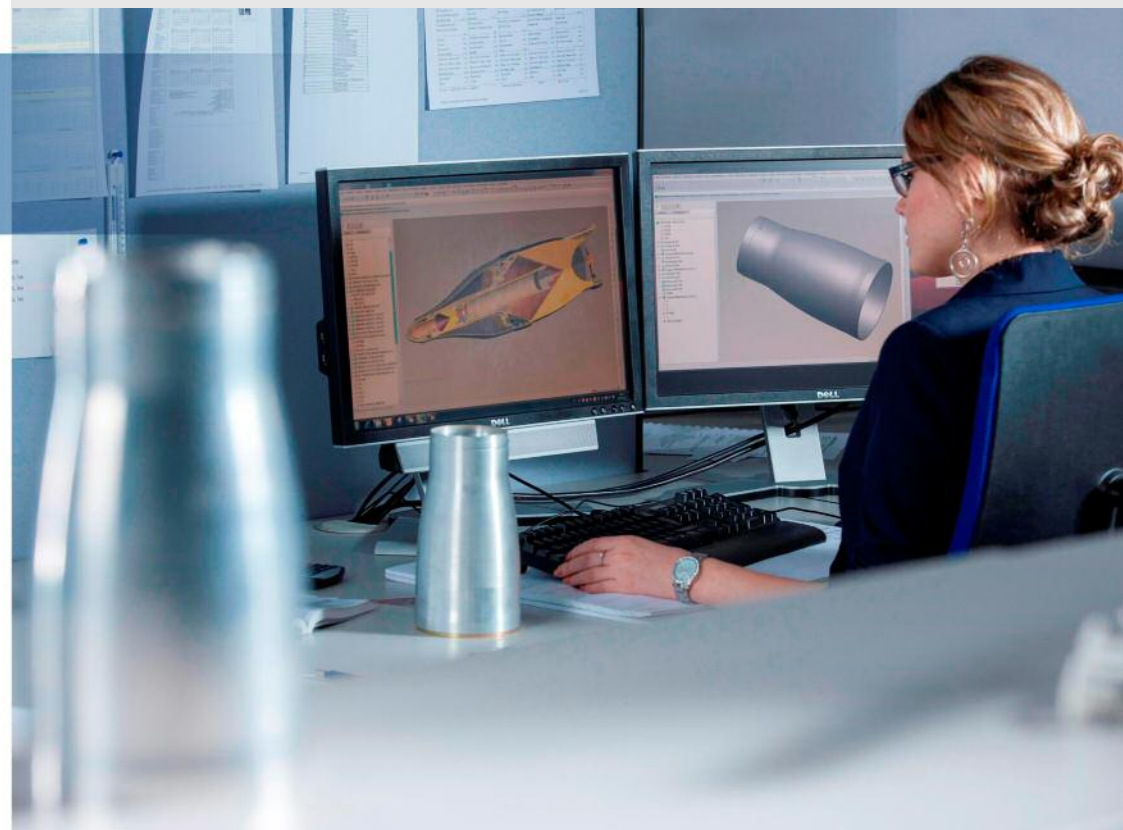
*Innovation is one of the five MBDA key drivers. We value, encourage and enable people's creativity and ideas and promote a business culture of innovation in a fast moving technological landscape. We offer the opportunity to nurture creativity, explore new ways to bring out the best in each other sharing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



**800** IDEAS  
 OVER SUBMITTED IN  
**2017**  
 ACROSS **12**  
 CHALLENGES  
 & THROUGH  
 SPONTANEOUS ACCESS



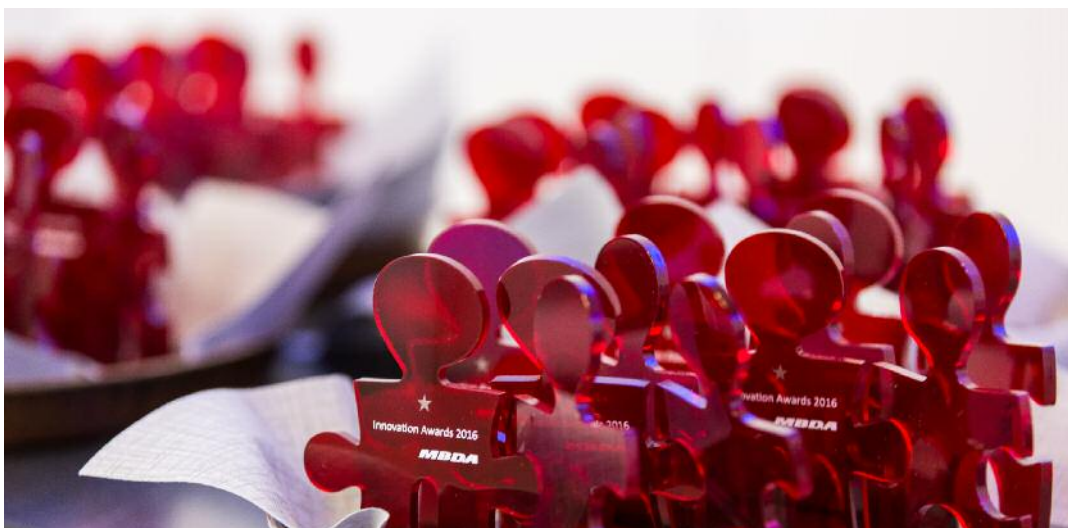
“Technology is moving fast, explosive and widespread. To outperform our competitors we must continue to make a difference that customers find of unique value.”

– Gianni Bongianini, MBDA Chief Technology and Performance Officer

## MBDA Innovation Awards

In April 2017, MBDA held its 2/3-star Innovation Award Ceremony showcasing and recognising the very best of innovation across MBDA. The high-profile celebrations saw the presentation of ten 2-star Innovation Awards to employees from across the MBDA Group, as well as awards for the Best Idea, the Best Patent, the Best Co-operation and the Best Improvement with presentations made by members of MBDA's Management Committee.

The prestigious top recognition 3-Star Award was awarded to the 'High Performance Tracking Architecture for the MBDA-GE Laser Effector Demonstrator' in the 'Early Innovation Concept' category. The German laser team developed a new tracking system that very precisely and reliably tracks highly-agile targets with only one laser beam director. The coaxial coupling of the illumination and the imaging channel enables a clear target image, even in challenging weather conditions.



*The MBDA Innovation Awards are organised each year to identify and recognise the best innovations from all of MBDA's employees. Year on year, the increase in the quality and number of applications demonstrates that innovation is about far more than our technologies, products and capabilities. It is about our people and our skills, where MBDA strongly encourages a diverse range of nominations: technical, non-technical, international nominations by multinational teams, as well as national proposals. In all cases, nominations may also include external partners such as; customers, suppliers or academics.*

“ The possibility of developing a challenging new technology, making what before was only a desired goal reality, is a great privilege in the life of a developer. To be awarded with the 3-Star prize was a great honour and reward, making the team I had the privilege to work with very proud of its achievements. ”

– Leonardo Tassini, Innovation 3-Star Award Team Leader

**284** proposals submitted to the Innovation Team

**1,605** people were involved in the process

**10** successful 2\* Innovation Awards

**1** 3\* Innovation Award



## MBDA Innovation Lab

The MBDA Innovation Lab is a light and flexible funded project with a fast decision loop to allow the maturation of innovative ideas, where risk taking and failure are accepted. The three values of the Innovation Lab are: reward the innovative behaviour, go beyond the ideas box and be collaborative. The Innovation Lab provides the opportunity for employees to obtain crowdsourcing of innovation and creativity, to contribute to the technology and support open innovation. This innovation initiative allows us to better collaborate with external partners and to boost value creation through innovation.

The Group level Innovation Lab 2017 Corner took place in MBDA's Le Plessis-Robinson site in July 2017.

The event, organised by MBDA's Innovation and Future Technologies department, made it possible for the 24 exhibitors to showcase the originality of their ideas, the applications possible and the added-value for MBDA. In addition, the event provided an opportunity for the UK, French and Italian teams to explain details of their projects to colleagues that were impressed by the innovations and the enthusiasm of the exhibitors.

**45** TOPICS  
**FUNDED OVER**  
**140** PROPOSALS



## MCM ITP – Materials and Components for Missiles Innovation and Technology Partnership

**MCM ITP is a collaborative research programme delivering innovation for future European complex weapons of the 2020s and 2030s.**

MCM ITP is a UK MOD and French DGA sponsored research programme, jointly funded by the industrial and academic research partners, that brings together the best in Anglo-French missile research and technology (R&T). An important criterion is that 30% of project funding has to be channelled into SMEs and universities. It is led by MBDA, which coordinates the work across eight research domains, each led by a key French or British company in the sector: MBDA, Nexter, QinetiQ, Roxel, SAFRAN, Leonardo and Thales.

Every two years, as part of the MCM ITP programme, MBDA organises a conference to showcase the results of research, bringing hundreds of attendees together from industry, SMEs and academia together with our customer research communities – to network and share ideas – and to see tangible demonstrations of the research results. The last conference, in 2017, was held in Lille, France – and was a great success.

The MCM ITP is split into eight technical domains:

- Systems and navigation
- Radio-frequency sensors
- Electro-optical sensors
- Rocket propulsion
- Air-breathing propulsion
- Warheads
- Proximity fuzes and safety and arming units
- Materials and electronics

The goal being to contribute to the construction of a Franco-British scientific and industrial base with the consortium working on numerous innovative high-tech projects in the eight domains with up to 30 projects a year.

Over the last 10 years, more than 200 projects have been conducted, with contributions from more than 150 different companies and universities.

**MCM ITP**  
 Materials & Components for Missiles  
 Innovation & Technology Partnership



## MCM ITP

From the investigation of exotic materials that operate at very high velocities, various additive layer manufactured materials that deliver cheaper, lighter weapon components, advanced electronics to dramatically reduce wiring complexity and bulk within a missile, conformal IR domes that could deliver significant weapon performance in the near to medium term, machine learning to deliver next generation targeting capability and to achieve game-changing mission and tactical planning, novel motor designs to deliver greater performance from smaller weapons, reactive material warheads to deliver increased effect whilst reducing collateral damage – and lots more. Much of this will find its way into our products of the future – potential exists for the FC/ASW programme, anti-air weapons such as Meteor CEP, future Battlefield Weapons, and for MBDA's future aspirations in high end, affordable Ballistic Missile Defence (BMD) capability. The ITP reaches right across the future missile portfolio.



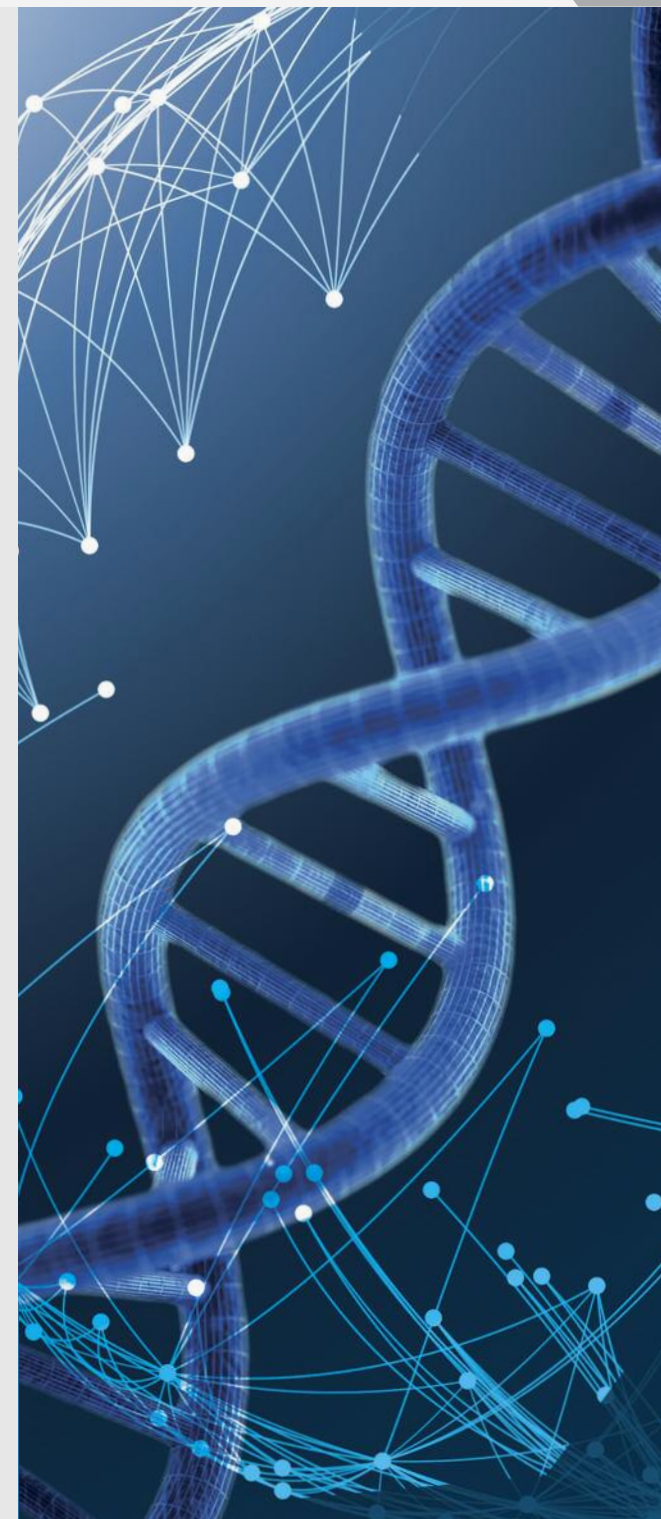
## Open Innovation

In 2017, we increased our engagement in Open Innovation. We set up a corporate venture capital activity and started to invest in new promising technologies developed by start-ups and small and medium-sized enterprises (SMEs).

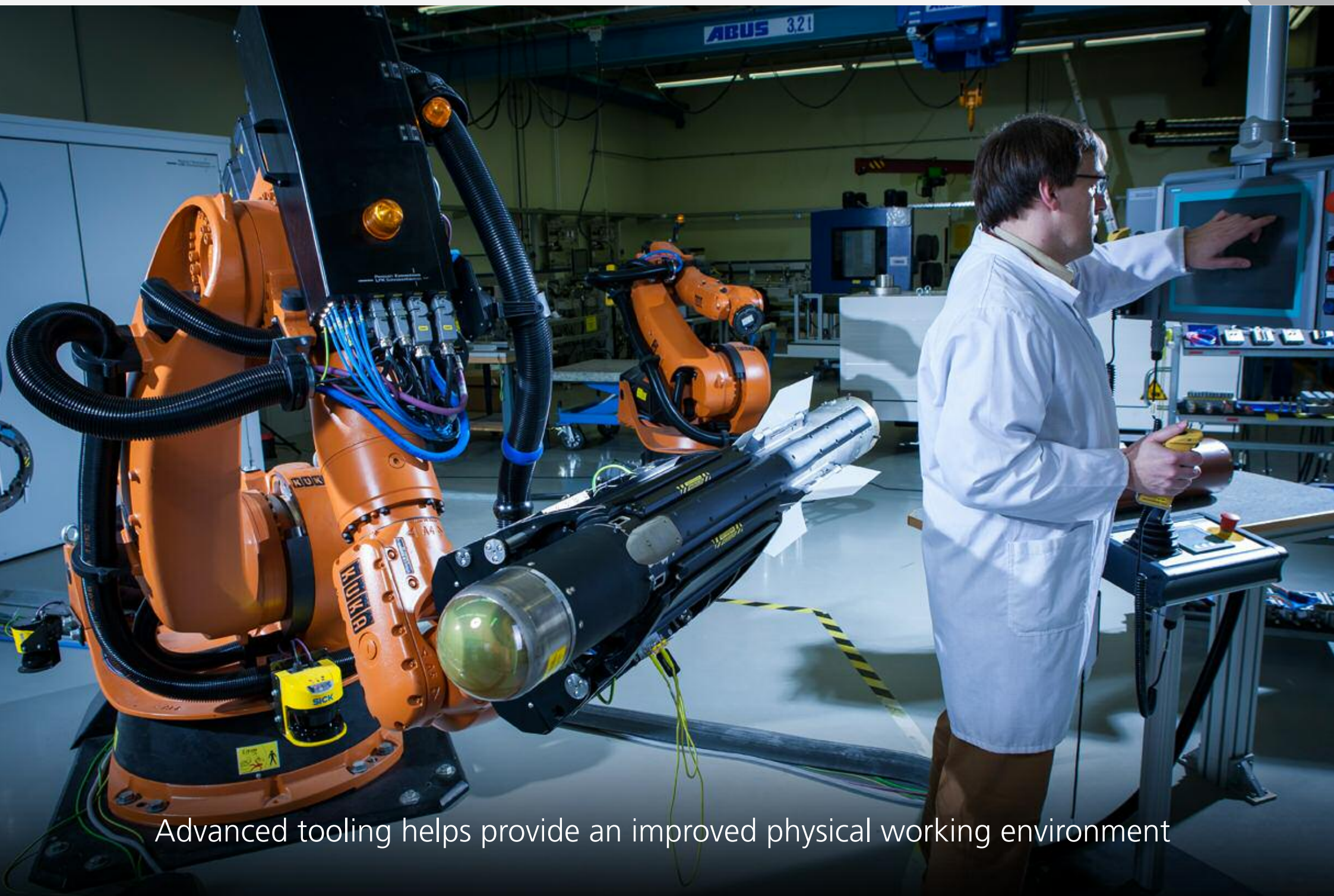
As part of its initiative E3 (Explore, Engage, Endure), aimed at developing its activity with innovative SMEs and labs, we increased the search for new technologies, analysing more than 200 new innovative start-ups and SMEs annually, addressing fast developing technology domains such as artificial intelligence, new sensors, human computer interfaces and cyber security.

We also began to mobilise our workforce by launching new focused internal challenges, open to all employees, to capture the best ideas to address new business opportunities such as big data analytics. Hundreds of proposals have been made by our employees and the best proposals are being funded for further development.

In Italy, MBDA became a new member of the Ricerca & Imprenditorialità (Research & Entrepreneurship Foundation) whose aim is to support Italian startups and spin-offs by grouping key actors of the Italian innovation ecosystem; these being large companies – Leonardo and Tim, scientific institutions of excellence – Polytechnic Foundation of Milan, Italian Institute of Technology – Sant'Anna School of Advanced Studies and financial institutions – Intesa Sanpaolo, the national banking foundation – Cariplo and the national network of universities and national research institutions – NetVal. Starting from the demand for innovation, that comes primarily from large companies, the R&I Foundation stimulates innovative responses from subjects such as startups, spin-offs and innovative SMEs, also supporting them in their growth paths.







Advanced tooling helps provide an improved physical working environment





## MatriX

*MatriX is the first MBDA common engineering eco-system, connecting and controlling the Company's engineering information whilst allowing freedom of exploration for 7,000 engineers across the MBDA countries and multiple networks.*

MatriX is about investing in our future: with modern solutions for more collaborative engineering activities; high performance missile technical excellence, improved concurrent engineering across all disciplines and countries and shared trusted knowledge, adapted to the security requirements of our domain. Developed by a dedicated MBDA team and with user involvement, this project is a key enabler for our future engineers.

In 2017, Matrix was delivered across the UK, France and Italy, with international access to these environments being enabled from the four integrated

countries. Structured processes and tools have been combined to have open 'sandpit' collaboration spaces whilst still keeping our 'work in progress' and published information in a secure controlled environment. Through MatriX awareness of technical information across the 'segmented' organisation of information (projects, functions, networks, and nations) is achieved. Organisation and linking of technical information allows search and navigation across nations and networks. The ability to validate and publish trusted 'company shared knowledge' has been delivered with the ability to share this knowledge across all networks.



### MatriX portal

- First in MBDA to introduce the concept of Apps to provide simplified access to the relevant application
- Collated information in one location using features such as notifications and subscriptions etc

### MatriX space

- Ability to work together digitally across countries and functions using the Collaboration Space functionality
- Capability provided to allow users to find and access related data across different tool sets and networks
- Consistent access to MBDA's trusted knowledge (Company Shared Knowledge) regardless of the user's working location, made easy through enhanced search and navigation functions

### Application Lifecycle Management (ALM)

- Common environment for all Systems and Software Engineers
- Enhanced dashboard providing real-time reporting

### Product Lifecycle Management (PLM)

- Enables full use of 3D model-based design providing rapid development capability
- 'Design anywhere – make anywhere' capability

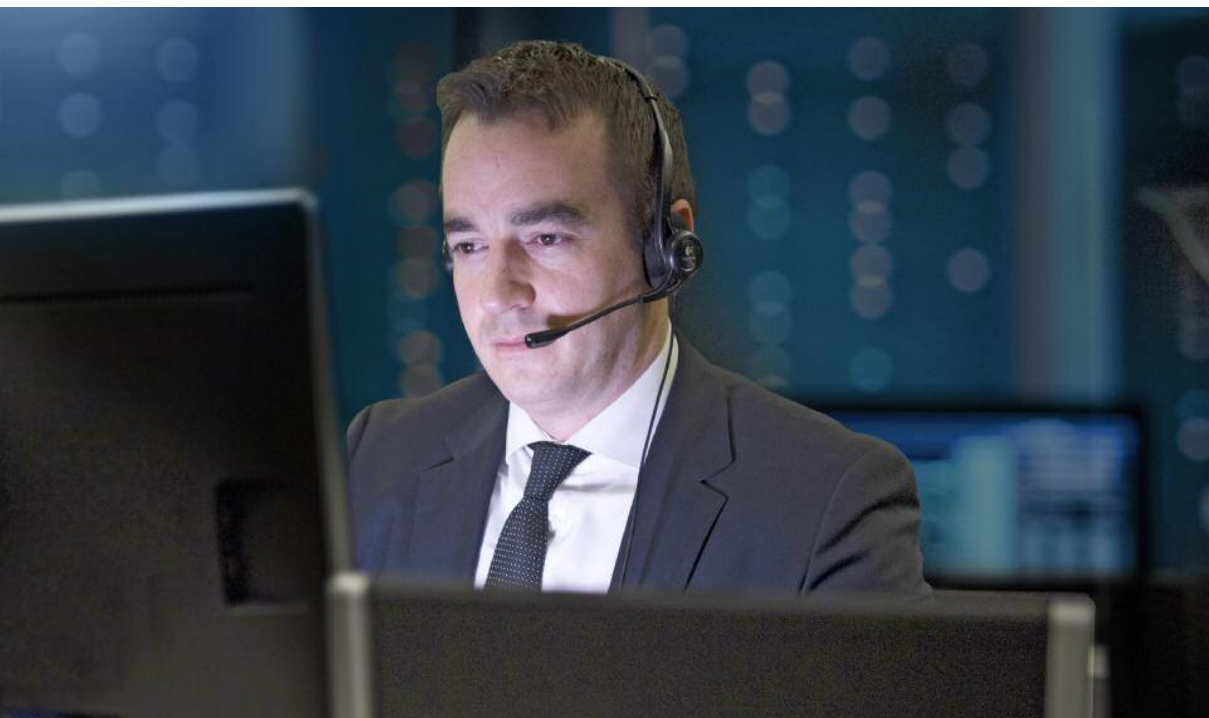
### Functional Information Management (FIM)

- Configuration control for all functional assets
- Common environment for all our engineers – replacing multiple disparate data-sharing environments



## Security

**The wide-ranging and asymmetric nature of global security threats continues to challenge MBDA's security teams.**



The significant volume of new employees joining MBDA across the Group in 2017 provided an opportunity to review security inductions and training packages to ensure they remained relevant, and also reflected employees' needs.

Key security messages are now increasingly delivered through online and interactive modules designed to acknowledge different learning preferences and the desire from employees for greater flexibility in managing their learning and development.

Security teams are influencing Group level projects at their design phase, such as the new intranet and corporate social networking, to ensure positive security behaviour continues to form an integral part of MBDA's culture

During 2017, planning has taken place in each Natco ahead of substantial physical security enhancements at numerous MBDA sites throughout 2018 and beyond. These enhancements are designed to mitigate a range of security threats presented to companies operating in the defence sector and also ensure a safe and secure working environment for our employees. Away from MBDA sites, the security teams have continued to harmonise their efforts to keep business travellers informed of relevant travel risks and the support mechanisms in place if employees need assistance when travelling on behalf of MBDA.

Within the cyber domain, hacktivists, cyber-criminals and foreign intelligence services seek to access our information in order to compromise its confidentiality, integrity or availability. Ongoing investment in technical safeguards to protect our networks and portable electronic devices, coupled with a continuous programme of employee cyber awareness, has enabled MBDA to maintain a high level of 'cyber hygiene' to mitigate cyber threats. Equally, strong relationships within each Natco with their respective National Security Authority ensure emerging risks are identified and mitigated as quickly as possible.

## BUSINESS ETHICS

OVER  
**1,060**

**SPECIFICALLY SELECTED  
EMPLOYEES  
ACROSS THE GROUP  
HAVE BEEN TRAINED  
IN ETHICS SINCE 2015**



**DEDICATED  
BUSINESS  
ETHICS VIDEO  
VIEWED BY OVER  
**7,000**  
EMPLOYEES**

*Being a world leader and global player in the missile and missile systems market, our business activities must be beyond reproach. We have built a strong and well-established commitment to ethical business conduct, reflecting international and sectorial best practices, in compliance with applicable laws and regulations. In support, the core values for our Company are set around the expectation of a strong culture of integrity.*

### **Our corporate Code of Ethics**

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

In relation to our export operations, we are fully committed to, and are in compliance with all the laws and regulations which govern these activities, which are subject to approval from our relevant governments.

The Code of Ethics is a document that we refer to frequently in our Company not only at initial employee on-boarding. It has become a component of our company culture, driven by the management, in order to develop good ethical behaviours among our employees. In 2017, we worked on a revised Code of Ethics emphasising the prevention of corruption, this will be published by the Business Ethics Directorate in 2018.

We also recognise that our Code of Ethics cannot cover every diverse situation that an employee may find themselves in.

In this situation, we encourage our employees to consult their line manager for advice, another member of the management team, the Human Resources department, the Legal department or one of our dedicated Compliance Officers. If in the event that our employees, having received advice and guidance, feel that our Code has been violated we have a Group process for the management of allegations. If an employee has reason believe that a violation of the Code or other improper conduct has occurred, employees are encouraged to report their concerns by sending an email to [report-allegations@mbda-systems.com](mailto:report-allegations@mbda-systems.com).

All concerns are treated seriously, fairly and the employee's identity will remain confidential.

### **Our policies**

Based on the principles and engagement declared in our Code of Ethics, MBDA's Business Ethics Policy is an anchor for our ethics and compliance programme and underlines our commitment to preventing any risk of corruption when doing business. Our policy consolidates and reinforces our commitment to this important subject and covers business practices related to business advisers, gifts and hospitality, donations and sponsorship, M&A activities and our supply chain. It underlines the principle of responsibility through the clear allocation of roles via Group procedures.







“ Our Corporate Code of Ethics outlines a set of principles, implemented through dedicated Group policies and procedures, to ensure that our employees understand and uphold our ethical values and are compliant with legal requirements at all times. ”

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

The policy also calls for the traceability of decisions which must be properly recorded and focuses even more stress on preventing the risk of non-compliance with our business ethics values and obligations.

In support, we have a National Compliance Officer in each of our domestic home countries who can offer valuable advice, guidance and training to employees regarding their activities in our domestic and export countries.

In 2017, we continued to provide Business Ethics training to reinforce our policies and company values with face-to-face training offered to the most exposed personnel. Sometimes, it is hard to know what to do when confronted with a sensitive situation, so we included case studies on real dilemmas faced by our employees in our training material. We have also published two improved policies that mandate MBDA's committed approach to Gifts and Hospitality and Donations and Sponsorship to ensure we continue to have a transparent relationship with our Business Partners and not damage our ability to do business.

#### **Our commitment to an ethical supply chain**

Our suppliers are our partners and deliver an important part of the value in our products, playing an important role in customer satisfaction. Our multi-faceted, robust and risk-based approach to supply chain business ethics is therefore fundamental in ensuring that our products are built to the highest ethical standards.

We have expectations of how suppliers manage their ethical conduct and our Supply Chain Business Ethics Procedure, newly introduced to support our Business Ethics Policy, ensures an ethical and financial validation of future suppliers is performed with a particular emphasis on offset partners. Our procedure demonstrates our commitment to transparency ensuring good supply chain practices are in place.

#### **Our statement on human rights**

Human rights, in an increasingly diverse and complex world, is an important aspect of corporate social responsibility. We have a zero tolerance approach to slavery of any kind; forced, bonded or compulsory labour, human trafficking and other kinds of slavery and servitude represent some of the gravest forms of human rights abuse in any society.

#### **Our memberships**

We have been supporting initiatives to enhance the standards of compliance within the aerospace and defence industry for a long time and continue to do so.

We contribute to professional associations, national or international such as IFBEC – the International Forum for Business Ethical Conduct, of whom we are an active member in order to support the Aerospace and Defence industry initiatives to continuously exchange global industry-wide best practices. Our evolution is based on our permanent attention to best practices through the participation to these professional forums and the implementation of new legislation such as the French law on anticorruption, Sapin II, which is encouraging us to continually raise our level of anti-corruption prevention.

*For further information, click here to access our Business Ethics Policy*



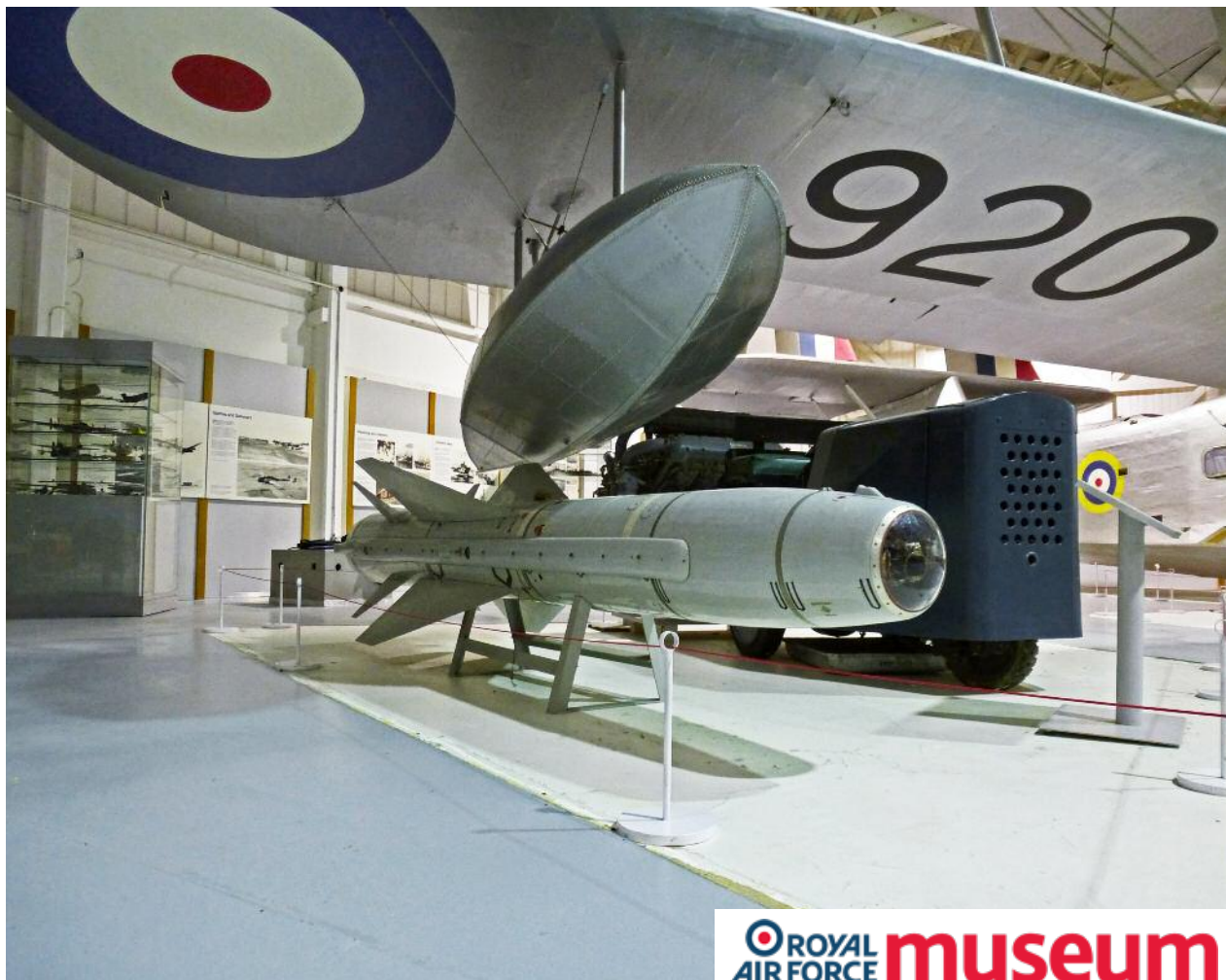


# COMPANY GIVING AND COMMUNITY ENGAGEMENT

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.

RAF Museum Hendon





We continue to be thoughtful about the locations and communities in which we operate. Our ambition is to make our employees proud of their company through our positive involvement in neighbourhoods where our sites are based. As a local employer, MBDA provides an economic benefit to the local community. In some locations we may be the sole significant employer or a major regional employer. Wherever possible we act to help local charities and good causes without expectation of any direct economic return.

In 2017, MBDA UK were proud to support a new and exciting heritage project with the Royal Air Force Museum, which will mark the RAF centenary in 2018. The Royal Air Force Museum is being transformed through considerable investment in new exhibitions and improved education and volunteering opportunities.

The Museum's three new exhibitions, which will open in June 2018, cross the history of the RAF; 'The First 100 Years of the RAF' will chart the first 100 years of the service from its formation in 1918, 'Now and the Future' will explore future developments of air power and the increasing importance of space and cyber security. The third of the new exhibitions, titled 'Air Power in the Age of Uncertainty' covers the period between the Falklands War and the present day and explores how air power evolved through innovation during this period. MBDA are sponsoring the Precision 'theme' within this exhibition which will explore the drive to precision and the development of guided missiles used by the RAF. The display interpreting this theme features several MBDA products and our technology will also be displayed in the other two new exhibitions illustrating how MBDA's technology has been part of this historical journey and will continue to be in the future.

In addition, the Museum's new spaces will include a dedicated Learning Centre which will open up new science, technology, engineering and mathematic learning opportunities to school pupils across a wide age range, their teachers and parents. We will be working with the museum to identify how we might support the Museum's learning teams and access this unique platform to continue working with local schools, in partnership with the Museum, and help give young people inspiring experiences of engineering in a stimulating environment.

*'We are delighted to welcome MBDA on board as a sponsor of the RAF Museum's RAF Centenary Programme. The MBDA story and that of the RAF are closely linked through the company's provision of key capabilities to the Royal Air Force. The RAF Museum's new exhibitions, opening for summer 2018, will explore this story – looking at how precision guided weapons have transformed the nature of modern conflict and significantly enhanced the RAF's ability to deliver its mission.'*

**Air Chief Marshal Sir Glenn Torpy GCB CBE DSO**  
 – Chair of Trustees of the Royal Air Force Museum



## MBDA support to military families

Since 2016, MBDA France has partnered with the ADO (Association for the development of self-help in the Army) and Terre Fraternité in order to support their work in helping the families of those killed and wounded in the Army. We supported the partnership through a donation and participation to the annual charity football match between the French Army team and the players of the Variétés Club de France.



Our donation is in particular used to ensure that children who have lost a parent have significant support throughout their schooling until graduation or professional qualification. We provided direct support to around 15 children in 2017 alone. The average age of the children supported by the two associations is about 13 years old, 40% of whom live on the poverty line.

“ MBDA’s solidarity support responds to a real need that benefits military families, whose lives have been committed to defending their nation. ”

– Général Verna, President of ADO  
(Association pour le Développement des Oeuvres d'entraide dans l'armée).





## MBDA Italia supports people with severe health conditions



*In 2017, MBDA Italia decided to promote internally two important charitable initiatives, whose aim is to provide support to people with severe health conditions.*



**A.PRO.T.I.ON.**  
ONLUS



The first was the A.PRO.T.I.ON. (Associazione per il PROgresso della Terapia Intensiva Oncoematocitologica), which supports the Hematology Division of the Policlinico 'A.Gemelli' in Rome by providing new equipment and funding to sustain the daily hospital activities and the refurbishment/creation of new areas inside the division.

Another important initiative was a donation to the Susan G. Komen Onlus, an association which offers medical and psychological assistance to women with breast cancer.

## Donation to volunteer firefighters – Schrobhausen, Germany

In 2017, MBDA Germany made a donation to the volunteer firefighter service in Schrobhausen; this was part of our recognition to the 24 hour on-call services, which in addition also supported the youth work of the fire brigade.

Twenty years ago, the fire brigade service set up a separate youth group, in order to prepare for the future, planning for increased missions and more varied tasks. The youth of the fire brigade is in great demand and this inspiring initiative has helped plan for the future without concern for new recruits.

In September 2017, we performed a mock major incident exercise supported by many services including the fire brigade. This type of training is very important to us; the protection of our employees, the operating environment and it helps with the avoidance of accidents – a high priority. The Schrobhausen fire brigade prepared their part in the exercise professionally and performed it excellently. We are pleased to have such a strong and reliable partner within close proximity and look forward to future cooperation.





# OUR PEOPLE

**People continue to be a central element of MBDA's success. Following our business growth over the past five years, we have developed a balanced workforce representing experience, new skills and talent.**

Integrating newcomers, whilst respecting the service and experience already in the Company, have been critical factors in building our workforce for the challenges and opportunities faced by our business. To maintain our position as an employer of choice in an increasingly competitive market, we continue to emphasise merit based career and development opportunities. For all employees, we also focus on maintaining a high level of engagement from those starting out on their careers to those who have been critical to MBDA's success over several decades.

## Overview 2017

The principle pillar of our engagement strategy is our bi-annual Employee Opinion Survey. This last survey took place in November 2016 and will be run again in November 2018. In 2016, 74% of employees participated in the Survey allowing them to express views over a range



*Robot Rumble competition*

of themes including My Job, My Hierarchical Manager, My Development, Leadership and Communication.

Results from the survey were in general very encouraging and in 2017 we worked hard to retain and build on the high levels of engagement, satisfaction employees have in their role and the co-operation people experience in MBDA.

## Education

We maintain close contacts with schools and universities in all of our domestic countries and work with teachers, academics and institutes to promote Science, Technology, Engineering and Mathematics to students of all ages. This is important for MBDA with nearly 10 percent of our workforce across France, Italy, Germany and the UK made up of people on 'early years' career development

programmes including our Graduate Development and Apprenticeship Schemes.

Understanding that subject choices taken at school begin to shape career paths at an early age, we invest heavily in education liaison, providing internships for school children; participating in national initiatives such as Girls Day and Science@School in Germany and with various outreach activities in primary and secondary schools including careers fairs and engineering challenges – Robot Rumble, Engineer for a Day and Glider Challenge.

In the UK, our efforts towards education and the development of young people was recognised through the Inspiring Hertfordshire award in 2017 and in France where MBDA was ranked by Universum as a 'Most Attractive Employer' for Graduates.



## Building a workforce for the future

In 2017, we recruited 1,000 permanent employees across France, Italy, Germany, Spain and the UK. Our ability to attract people with the right skills and mind-set and then to successfully integrate them into our business are key challenges. Our attractiveness as an employer is not a given and is hard won in a competitive world where employees justifiably demand the employment relationship is balanced and rewarding.

In 2017, MBDA in France, Germany and the UK received nationally recognised awards. MBDA UK was ranked 12th in 'The Sunday Times Top 30 Best Big Companies to Work For'. MBDA Germany was also recognised as one of Germany's best employers in the 2017 Focus Magazine survey. MBDA France was recognised as a Top Employer by the Top Employers Institute.



## Training and development

Training and development is of primary importance to us in MBDA, to ensure our employees are appropriately skilled. Technology is accelerating at a fast pace and our engineering workforce must develop in order for us to maintain our technical excellence and performance to our customers. In this perspective, we assess each employee's individual training needs on annual basis or sooner if they change role. In 2017, we invested on average 30 hours training per employee, which is significantly above the average training delivery in comparable Aerospace and Defence industries across Europe and is welcomed by our employees with positive feedback.

## Recognising our people



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

Externally, we also celebrate the accomplishments of employees. In 2017, thirteen employees from MBDA Italy were recognised as Maestro del Lavoro (Master 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 UK apprentices have now won 58 awards in the past 10 years.

Jamie D'Ath, MBDA's fourth year engineering apprentice, won the Institute of Engineering Technology's (IET) 2017 Mary George Memorial Prize for Apprentices. This award is given to outstanding female apprentices who act as a role model for other young women looking for a career in science, technology, engineering and mathematics. Jamie has undertaken responsibilities such as running her own MBDA trial, mentoring a robotics club at a secondary school and running engineering activity sessions.

“To win the award feels amazing, as it recognises all my work and achievements to date and it fills me with encouragement to keep on with the path I am taking while raising the bar along the way.”

– Jamie D'Ath



## Diversity, inclusion and equality



We recognise that diversity, equality and inclusion are essential to MBDA and strengthen the Company, we strive to build teams that reflect our markets and the communities in which we operate. In MBDA, we understand a diverse workforce drives change and innovation which is of paramount importance to our business. Our approach to diversity encompasses everyone and encourages a culture that actively welcomes the innovation that different cultures, working styles and backgrounds create. In 2017, we continued to work hard to ensure that all our employees are treated fairly, with dignity and are given an equal opportunity to succeed. We are also mindful, as a responsible company, that we must encourage 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.



# 80 YEARS OF MANUFACTURING AT MBDA LOSTOCK



*Left: Lostock's facility was one of the biggest machine shops in Europe in the mid-1950s.*

*Right: MBDA: the future – the brand new Bolton site which declared full operational capability in October 2017.*

In 2017, we were very proud to celebrate 80 years of manufacturing at our Lostock site in the UK. Our Company has been engaged in the delivery of complex high-value aerospace products in Lancashire since 1937. MBDA changed its name and location a number of times over eight decades culminating in our latest and most comprehensive move from Lostock to Bolton with a new £50m factory.

Through the years, there have been significant changes; securing vital contracts, growth and recession, industrial unrest, investment in new capabilities and weapons technology advancement supported by thousands of people who have given their working lives to Lostock and its family culture.

In the community, we have always had close ties to schools and colleges and we will continue this vital education effort in order to keep advanced engineering and manufacturing in the minds of local schools and their pupils.

Our employee training continues to be world class; this has been recognised by many recent engineering and apprentice awards attributed to our Bolton employees. We cannot afford to stand still and we have to adapt to new defence and security scenarios, product architectures and technologies to stay at the forefront of our business. The recognition of this and the willingness to adapt to these changes by our people will be the key to our future success.

“Skills have always been important to us to maintain our capabilities in a competitive global market.”

*– Dr Bernard Waldron MBE, Director of Manufacturing MBDA UK*



**Matra BAe Dynamics**

**MBDA**  
MISSILE SYSTEMS



## Taking care of our people

Achieving a good occupational Health and Safety environment and the culture of risk prevention are two of our core social responsibilities and consequently an integral part of our Corporate and Social Responsibility.

MBDA UK, France and Italy continue to be successfully certified to OHSAS 18001:2007, that will soon migrate to ISO 45001, the internationally recognised occupational Health and Safety management system standard.



All of our sites must comply with the Group MBDA Health and Safety policy, which ensures that MBDA provides and maintains a safe system of working for all employees and agency workers. In 2017, we reinforced our Group Health & Safety Policy which reflects international standards and best practice.

Supporting our policies and procedures, we actively promote health and safety employee events, which have included engaging the workforce in the achievement of safe conditions and effective upward communication – this has resulted in a demonstrable positive change in culture. We seek, by taking similar measures, to promote better health, improve employee motivation and thus raise productivity.

Our Health and Safety management system drives strong regulatory compliance led by a focus on hazard and risk recognition and mitigation, as well as knowledge and skill building. 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 exposure to areas of potential increased risk via a variety of training tools and opportunities.

In 2017, MBDA recorded a Reportable Accident Rate of 330 per 100,000 employees. We are pleased to report a 10% improvement over the previous 12 months. We also maintained zero pyrotechnical accidents; we remain vigilant of the potential hazards and continue to demonstrate best industry practices in this domain. We are committed to pursuing the highest health, safety and environmental standards in the workplace and will continue to implement the necessary programmes, training and internal controls to consistently promote safe work practices safeguarding our employees and the working environment



**10%**  
**REDUCTION**  
 IN OUR RECORDABLE ACCIDENT  
 INCIDENT RATE OVER THE PREVIOUS  
**12 months**



## OUR SAFE 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  
CO<sub>2</sub> EMISSIONS BY  
25%** 

**INCREASED ITS  
RENEWABLE ENERGY  
USE BY  
84%** 

**REDUCED ITS ENERGY  
CONSUMPTION BY  
26%** 

**REDUCED  
ITS WATER  
USE BY  
26%** 

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, CO<sub>2</sub> emissions and water use which takes into account many variables including any changes to the size and use of our building stock, production, the number of people working in the buildings and the outside temperatures – degree day adjustments, providing a more accurate and representative indication of our measureable position.

**IN 2017  
MBDA  
PRODUCED**



**4,436  
TONNES  
OF WASTE\***



**2,875  
TONNES  
RECYCLED**



**65%  
OF WASTE  
RECYCLED**

## MBDA environmental performance indicators

		2017
Total mains water use	m <sup>3</sup>	206,021
Total ground water use	m <sup>3</sup>	48,473
Direct energy (Electricity, Fuel, Gas)	MWh	171,893
CO <sub>2</sub> emissions	Tonne	38,189
Hazardous waste	Tonne	1,620
Non-hazardous waste	Tonne	2,816

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





## Environmental initiatives

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


MBDA UK has supported this aspiration by reviewing current waste management practices across all sites and identifying areas for improvement. One of the areas improved was the waste disposal bins. The adoption of new waste segregation and recycling bins and the removal of single disposal bins across a small trialled area was a great success with up to 50% of waste diverted from the general waste stream and recycled.

The new system has been simplified and made easier for people to recycle their rubbish and builds upon current recycling initiatives. This has raised awareness of good waste management practices within MBDA and has brought recycling to the front of our employees minds.

Harvesting the natural resource of rainwater can be a valuable way to reduce a building's use of municipal water and making use of the resources we have. In Fusaro, Italy, we installed a rainwater recovery system, which collects on average 1,930m<sup>3</sup> of rain a year, this results in less water needing to be artificially withdrawn from the environment and helps us in our contribution to a more sustainable future.

In our German sites we installed battery collection boxes in the main buildings to collect old, uncharged batteries and accumulators. This initiative guarantees the correct disposal and recycling of batteries and accumulators meeting the German waste disposal law, Kreislaufwirtschaftsgesetz – KrWG.





We are committed to our own internal environmental vision, which aims to improve our use of renewable energy, energy consumption and emissions, better waste management and reducing our carbon footprint



# 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 i.e. 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

CO<sub>2</sub> emissions are calculated based on fuel usage or electricity consumption multiplied by an emissions factor. CO<sub>2</sub> conversion factors vary from country to country as follows:

### FRANCE

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

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

### GERMANY

Electricity	Ulm/Aschau = 0.321 Kg/kWh
Electricity	Schrobenhausen = 0.359 Kg/kWh
Gas	Schrobenhausen = 0.190625 Kg/kWh *

*This value has been converted from m<sup>3</sup> to Kg/kWh, for better comparison.*

### ITALY

Electricity	0.332 Kg/kWh
Gas	0.200 Kg/kWh

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

### SPAIN

Grid electricity	0.385 Kg/kWh
------------------	--------------

*The figure is provided by the Ministry of Industry, Energy and Commerce (IDAE department).*

### UK

Grid electricity	0.38146 kWh/Kg/CO <sub>2</sub>
Natural gas	0.18381 kWh/Kg/CO <sub>2</sub>

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



# CONTACT US

Tel +44 (0)1438 755534  
email [ethics-csr@mbda-systems.com](mailto:ethics-csr@mbda-systems.com)

[www.mbda-systems.com](http://www.mbda-systems.com)

