

Anti-corruption and Anti-bribery Policy

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Background and purpose

This Policy provides our employees with an overview of the key anti-corruption and anti-bribery rules.

MilDef (the “Company”) performs its business operations in a responsible and correct manner. This is achieved through the adherence to all applicable laws and regulations, strong company values, as well as maintaining good relationships with colleagues, customers, and suppliers.

The Company has adopted this policy (the “Policy”) for the prevention, deterrence, and detection of corruption. The term corruption is generally associated with the giving and taking of bribes. Anti-bribery laws criminalize bribery and undue influence directed against someone who has been entrusted to act on behalf of others – may it be on behalf of individuals, corporate entities, organizations, judicial or governing bodies, agencies or municipalities, or the society at large.

Non-compliance with anti-bribery laws can have a serious economical and reputational impact on the business and financial condition of the Company and may also result in violations of undertakings that the Company has made in its financing arrangements.

The Policy is intended to provide clear and practical guidance as to applicable anti-bribery rules and policies, the internal functions responsible for the management and supervision of the Policy and the consequences of non-compliance with the Policy.

Fundamentals

The business operations of MilDef are to be performed in accordance with all applicable laws and regulations. MilDef does not seek or accept business advantages based on illegal, improper, or unethical behavior. MilDef must not use illegal payments, bribes, kickbacks, or other questionable inducements to influence someone’s professional duties or to obtain or retain an undue business advantage. The same applies to receiving benefits.

Extra care must be taken when interacting with representatives of the public sector and in relation to public procurement and governmental decision-making.

Employees who are uncertain of the laws, regulations, or policies applicable to him or her, are required to seek guidance from the General Counsel of the MilDef group.

No employee will suffer demotion or other adverse consequences for refusing to pay bribes, engage in corrupt practices or for complying with this Policy, even if it may result in MilDef losing business.

1. What is corruption

The essential elements of anti-bribery laws consist of an improper payment, offer, or promise of anything of value to any person in a position to influence a decision. Normally, it also covers the granting of benefits to a third party (such as an agent, distributor, or consultant), who in turn, exerts improper influence over the actions of a person exercising authority.

An improper benefit, i.e., a bribe, may take different forms, and the parties involved may classify the improper benefit as a purchase price or a consultancy fee in order to hide the true nature of the transaction. The typical bribe is money or other property of economic value, but advantages of a non-monetary nature, such as recommendations and distinctions or awards, are also included in the scope. For example, a bribe can be gifts, entertainment, invitations to events or seminars, travel and accommodation, use of property or equipment, job offers and work placements, charitable donations, political donations, services, favors and not least benefits for family and friends.

2. Non-compliance

An employee or representative who does not comply with applicable anti-bribery laws exposes him/herself as well as MilDef to criminal and/or civil liability and significant reputational harm. Penalties for violations of anti-bribery laws can include fines and imprisonment.

Employees who violate anti-bribery laws or this Policy, or refuses to cooperate with a related investigation, will be subject to appropriate actions by MilDef, which may include disciplinary actions, such as reprimands, termination of employment and immediate dismissal.

No employee will be punished or suffer disciplinary actions for complying with this Policy, refusing to pay bribes or engage in corrupt practices, or for reporting violations of this Policy, in good faith.

MilDef has zero tolerance with corruption and bribery.

3. Public and private sector

The public sector includes not only government agencies, courts, and other public authorities, but also publicly owned companies and private companies whose activities have an element of public authority or otherwise are largely financed by taxes. The public sector includes also politically exposed persons.

For an entity to be considered part of the private sector, it is therefore required that there be no significant element of public ownership or other public interest in the entity's operations.

Expected conduct

1. Key principles

It is strictly forbidden to directly or indirectly offer, promise, grant, or authorize the giving of money or anything of value to someone in order to unduly influence the performance of the recipient's (or someone else's) professional duties or to obtain or retain an undue business advantage.

The same applies in respect of receiving benefits i.e., it is forbidden for anyone acting on behalf of MilDef to accept, accept a promise of, or request an improper benefit for, the performance of his or her professional duties.

In relation to public procurement and governmental decision making, benefits must never be offered to public sector representatives, their associates, or any other party with the intent of influencing an award of a bid or any other decision.

Industry regulations may contain rules that are stricter than this Policy. In that case such stricter rules shall be applied.

4. Hospitality

Hospitality at venues that can be perceived as unethical, for example at strip clubs, is always prohibited.

Public Sector: Hospitality in the form of lunch or dinner is allowed provided that the expenditure is reasonable and that the lunch/dinner does not coincide with an on-going matter such as business negotiations, legal proceedings, or a public procurement. Alcoholic drinks are allowed as table drink but in moderation.

Private Sector: Hospitality in the form of lunch or dinner is allowed provided that the expenditure is reasonable. Alcoholic drinks are allowed as table drink but in moderation.

Accepting hospitality: The same standards apply as when offering hospitality.

5. Gifts

Cash, general gift cards or any cash equivalent gift are always prohibited.

Public Sector: Gifts, including company promotions, are never allowed in connection to the Public Sector unless it is clear that the giving of gifts is a well-established and legally permissible local practice of relevant region.

Private Sector: Reasonable business expenditures related to company promotions are allowed. For example, moderate product samples are acceptable when offered in connection with a corporate event or company visit.

As a MilDef employee, you are allowed to accept infrequent gifts of lesser economic value (in accordance with the current company procedures), such as promotional products or the like. If you are offered a gift of higher value, you must obtain approval of the General Counsel before accepting the gift. As a MilDef employee, you are not allowed to accept a gift in cash or cash equivalents.

6. Corporate events

Corporate events such as seminars or courses organized or attended by anyone acting on behalf of MilDef shall always have a legitimate business purpose, i.e., the professional program must always be the dominant element and the element of entertainment and social events shall be low. Luxury venues or resorts are never considered appropriate.

Public Sector: The element of entertainment and social events shall be kept to a minimum, i.e., the event should be of business relevance to all participating parties. An invitation to an event may never coincide with an on-going matter such as a public procurement.

Private Sector: The element of business relevance to all participating parties shall be prevalent to the element of entertainment and social events.

An invitation to an event organized by MilDef or its representatives shall always be drafted in such a way that the relevant business purpose is evident. It should be clear from the invitation that by accepting the invitation the recipient confirms that his/her participation is in compliance with relevant corporate policies and has been sanctioned by his/her principal. "Plus-one-invitations", i.e., invitations where the participant is allowed to bring his/her spouse, or an extra guest should be avoided and are not permitted without the prior approval of the General Counsel.

Costs of travel to corporate events for external individuals shall not be paid by MilDef, unless pre-approved by the General Counsel or specifically contracted.

Accepting invitation to Corporate Events; The same standards apply as when inviting to corporate events. Note that MilDef should bear the costs for travel and accommodation for its employees unless prior approval has been obtained from the General Counsel.

7. Charitable donations and sponsoring

All charitable donations and sponsoring offered by MilDef shall be pre-approved in writing by the MilDef Charity Foundation or the General Counsel and shall be made public on MilDef's website.

8. Facilitation payments

Facilitation payments are traditionally small payments made to officials in accordance with local custom to expedite or secure performance of routine government actions.

MilDef does not permit facilitation payments, even in countries where they are permitted or customary.

Business partners and representatives

Anti-bribery law prohibits improper benefits given both directly and indirectly. Furthermore, both Swedish and international legislation penalizes negligent financing of bribery. It is therefore essential that all employees and others acting on behalf of MilDef exercise a high degree of care when interacting with third parties.

Those within MilDef responsible for appointing and hiring third parties such as agents, consultants or other business partners or representatives acting on behalf of MilDef or representing its products (collectively "agents"), are to (i) conduct due diligence evaluating the reputation and standing of such agent in relation to anti-corruption compliance and to keep a file of the due diligence efforts made, and (ii) to review agents periodically to ensure compliance. In relation to distributors this requirement applies to authorized distributors in such case they are entitled to use the MilDef trademark and/or are involved with promotion activities of MilDef. The requirement of third-party due diligence does not apply to distributors acting independently from MilDef, i.e., when the relationship between MilDef and the distributor is equal to a customer relationship.

All agents should contractually agree to comply with applicable anti-corruption laws and this Policy (or equivalent).

M&A and joint ventures

MilDef may be held liable for past anti-corruption violations of a business that MilDef acquires, in whole or in part (joint venture). MilDef must therefore review, as part of the acquisition due diligence process, business activities of the acquired business in regard to anti-corruption laws. This due diligence should allow MilDef to assess not only the risks the target's operations will present going forward, but also potential exposure stemming from target's past activities.

Particular attention should be paid to the following types of information, typically obtained during a due diligence process:

- Target's countries of operation
- Involvement of government officials in target's business
- The types and identities of agents and consultants that the target uses and their compensation arrangements
- The condition of target's internal controls and books and records
- The existence of anti-corruption policies (or similar) and management of compliance matters; and
- Whether the company has ever been accused of violating anti-corruption laws

Red flags

To help employees recognize situations in which payments may be suspect or even corrupt, the following "red flags", may alert employees that dealings may be in violation of anti-corruption laws:

- Avoid unusual payment patterns or financial arrangements. Improper payments are frequently accompanied by unusual payment arrangements. Employees should use increased vigilance when asked to make payments to a party who is not the contracting party (but may be referred to by the business partner as group company or an associated company) or to a bank account not located in the country where the services were rendered or in cash.
- Use increased caution when asked to pay commissions (or similar) at different levels that has been previously paid.

- Be careful when a business partner/customer/potential customer recommends hiring a consultant. Overall, be cautious when a business partner/customer/potential customer suggests that MilDef pay or hire a third party.
- Be cautious when conducting business in a country with a history of corruption. To find out what the current level of corruption is in a specific country, contact the General Counsel.

Internal reporting

Every employee and representative of MilDef must raise a concern at the earliest possible stage if they are offered an improper benefit by a third party or has a suspicion that a violation of anti-corruption laws or this Policy has occurred involving MilDef or MilDef employees.

Use peer influence, if appropriate. If peer influence is not appropriate or the situation does not improve, concerns should be raised with the closest manager, other appropriate superior or the General Counsel. Incidents may also be reported anonymously to <https://wb.2secure.se/>. Use the code MIL216 to identify MilDef.

A manager who is made aware of possible violations of anti-bribery laws or this Policy, is required to inform the General Counsel without undue delay. If this is not appropriate, the information shall be provided instead to the Director of Human Resources, the CEO, or the chair of the Board.

No employee will suffer disciplinary action or adverse consequences for good faith whistleblowing. Any acts of retaliation or victimization against a good faith whistleblower will result in disciplinary action against the responsible person.

Should you have any questions or need further assistance in relation to matters of this Policy, please contact the General Counsel.

Audience

The policy applies to all entities within the Group.

The Policy applies to all employees at MilDef, including managers, executive officers, contract employees and members of the board of directors. The Policy also applies to those who represent MilDef or act on its behalf, such as consultants and authorized distributors and agents.

Roles and responsibilities

The board of Directors and the CEO have the overall and ultimate responsibility for the overall oversight and implementation of this Policy.

The General Counsel is the owner of this policy.

Every manager is responsible for communicating this policy to their employees.

Every employee is responsible for acting in accordance with this governing document.

Exceptions

There are no exceptions to this policy. Any need of exceptions to this policy must be clearly defined and documented. All exceptions shall be approved by the Board of Directors.

Monitoring of compliance

The policy is approved by Board of Directors. The policy is reviewed annually and revised if needed. All employees are required to understand and comply with this Policy, violations may result in disciplinary actions including termination of employment.

References

Code of Conduct
Quality Policy
HR Policy
Business courtesies Procedure