

CHEMRING GROUP PLC

Anti-Corruption Policy (Issue No 3 - January 2023)

Policy owner: Group Legal Director

1. Introduction

- 1.1 Bribery is a criminal offence. Paying or conspiring to pay, soliciting or accepting bribes is against the law in the UK, the US and many other jurisdictions, and is contrary to Chemring's Code of Conduct. Chemring Group PLC, its subsidiary companies and its employees will not under any circumstance pay a bribe to, or receive a bribe from, any individual, incorporated or unincorporated organisation, and/or public officials in order to gain or retain any business advantage or for any other improper purpose. This applies not only to payments of cash but also the giving and receiving of other favours or benefits.
- 1.2 Chemring is committed to full compliance with all anti-corruption laws and requires its employees and all third parties acting on its behalf to conduct business legally, honestly and with integrity. This policy sets out the procedures and guidelines which must be followed when dealing with matters to which anti-corruption laws may apply, to ensure no infringements of such laws by our employees or by any third parties with whom we engage, for example agents, distributors, service providers, suppliers or prospective employees, and to facilitate the detection of anti-corruption violations promptly if they do occur.

2. Why is compliance with anti-corruption law important?

- 2.1 Bribery and corruption is illegal, distorts competition in markets, is contrary to Chemring's Code of Conduct, and must therefore be unequivocally condemned.
- 2.2 Failure to comply with anti-corruption laws could have an extremely high financial cost to Chemring and could cause significant harm to its reputation.

3. Policy

- 3.1 The following acts are illegal under anti-bribery and corruption legislation (including the UK Bribery Act 2010, the US Foreign Corrupt Practices Act 1977 and local legislation adopted in most countries, especially those which have ratified the OECD Convention "Combating Bribery of Foreign Public Officials in International Business Transactions"). The following are also strictly prohibited under Chemring's Bribery Act Compliance Manual ("BACM") and Chemring's Code of Conduct, irrespective of the jurisdiction:
 - 3.1.1 offering, promising or giving (directly or indirectly) a payment or any other advantage, with the intention of inducing improper performance of a relevant function or activity. This extends to bribes paid to private or commercial entities as well as national or foreign public officials. It also includes "facilitation payments" (also known as "grease" or "speed" payments), which in some jurisdictions are a commonly accepted method of encouraging administrative co-operation, securing free passage, minimising "red tape" or expediting relevant approvals;

- 3.1.2 soliciting, agreeing to receive or demanding (directly or indirectly) payment or other financial advantage, with the intention that a relevant function or activity will be performed improperly;
 - 3.1.3 offering, promising or giving a public official a payment or other financial advantage, with the intention of influencing them in order to obtain or retain business or other advantage in the conduct of business. This includes employees of government agencies or state organisations, public international organisations or political parties; or
 - 3.1.4 agreeing with third parties (for example, an agent) that the third party should pay a bribe (even if the bribe is paid outside of the jurisdiction of the Chemring company).
- 3.2 A “financial advantage” may include gifts and hospitality. Gifts and hospitality of more than a nominal value, and entertainment, other than on a moderate and proportionate scale, must not be:
- 3.2.1 given or received contrary to the laws and regulations of the country of the giver or the recipient;
 - 3.2.2 given or accepted with a view to inducing or rewarding improper conduct; or
 - 3.2.3 unaccounted for in the books and records of the giver or the recipient or accounted for in a manner which prevents traceability.
- 3.3 Chemring Group PLC’s stance on gifts and hospitality is contained within the Gifts and Hospitality Policy. All employees are responsible for understanding what Chemring’s policy allows and what the law permits in their own countries and/or the country in which the activity is taking place regarding gifts and benefits given to or received by government officials, customers, service providers, suppliers and other third parties.
- 3.4 Bribes promised, offered or paid anywhere in the world by any Chemring director, employee or any third party acting on Chemring’s behalf, for the purpose of obtaining or retaining business, or an advantage in the conduct of business, for Chemring, may give rise to criminal liability on the part of the company as well as the individual concerned and are strictly prohibited.

4. Third parties acting for Chemring

- 4.1 Chemring has a number of third parties who perform services for, or on behalf of, the companies within Chemring, and these services may or may not be linked to the sale of Chemring’s products or services.
 - 4.2 It is important that these third parties are properly briefed on Chemring’s Anti-Corruption Policy and on their legal obligations. It must be made clear that:
 - 4.2.1 as Chemring Group PLC is a UK listed company, all employees and any third parties acting on its behalf, including those based outside of the UK, must comply with UK law relating to bribery. Additionally, all Chemring businesses and those employees or third parties engaged by Chemring which are visiting or working outside of the UK must also comply with local laws related to bribery (for example, the US Foreign Corrupt Practices Act 1977 (“FCPA”). All employees and third parties should be mindful of the extra-territorial reach of the UK and US authorities in prosecuting acts of bribery and corruption overseas of non-UK/US citizens under the Bribery Act and the FCPA respectively; and
 - 4.2.2 if the third party acting for Chemring is suspected of doing something which is in breach of this policy, BACM, Chemring’s Code of Conduct or applicable anti-bribery laws, they must be advised that the matter will be reported to the UK or US Legal Department and termination of their appointment is likely.
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- 4.3 The appointment of any third party to act on Chemring's behalf or to provide goods or services to Chemring is subject to Chemring's approval procedures as set out in BACM.
- 4.4 Chemring businesses will not appoint any third party who will be involved in the promotion or sale of Chemring's products or services (referred to under BACM as "Sales Partners") in any territory with a rating of less than 30 on Transparency International's Corruption Perception Index.
- 4.5 No third party may be appointed who falls within any of the following categories:
 - 4.5.1 an employee of a customer;
 - 4.5.2 a government official or employee of any government or state-owned organisation.
 - 4.5.3 an official of a political party;
 - 4.5.4 a candidate for, or a holder of, a political office; or
 - 4.5.5 an officer of a public international organisation.
- 4.6 All businesses must continue to monitor their third parties on an ongoing basis in accordance with BACM. Businesses must reserve the right to implement auditing and verification programs in respect of certain third parties, as specified in BACM, to ensure they are complying with their obligations.

5. Compliance and accountability

- 5.1 The Chemring Group PLC Board of Directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.
- 5.2 The Managing Director or President of every business is responsible for anti-corruption law compliance and for the establishment of adequate compliance procedures within their respective business in conjunction with BACM.
- 5.3 Management at all levels are responsible for ensuring that those reporting to them understand and comply with this policy.
- 5.4 All employees must understand and comply with this policy.
- 5.5 Any queries in respect of this policy should be addressed to the Group Legal Director or the US General Counsel.

6. Precedence over laws in other countries

In the event a country's anti-bribery legislation is less restrictive than that of the Bribery Act and/or BACM, the requirements of the Bribery Act and/or BACM shall take precedence. In the event a country's anti-bribery legislation is more restrictive than that of the Bribery Act and/or BACM, the requirements of that country's legislation shall take precedence in that instance.

7. Supplemental procedures and guidance

You should also refer to the following documents in connection with this policy:

- The Bribery Act Compliance Manual
- The Gifts and Hospitality Policy
- The Code of Conduct

8. Breaches of this policy

- 8.1 If an employee suspects or is concerned about an occurrence which would contravene this policy, BACM or the Gifts and Hospitality Policy, a report should be made either to

the employee's line manager or to the UK or US Legal Department.

- 8.2 No concerns should be left unresolved. All reports made in good faith, and any refusal by an employee to act in contravention of this policy, BACM or the Gifts and Hospitality Policy (even if it may result in a loss of business), will be supported by Chemring.
- 8.3 Any employee who breaches this policy may face disciplinary action, which could result in dismissal for misconduct or gross misconduct. Failure to comply with this policy may also constitute a civil and/or criminal offence.

9. Changes to this policy

We reserve the right to change this policy at any time without notice to you so please check back regularly to obtain the latest copy of this policy.