

## Corruption risk management of Category 2 Business Partners

<b>Table of Contents</b>		<b>Page</b>
<b>1</b>	<b>Validity</b>	<b>1</b>
<b>2</b>	<b>Purpose</b>	<b>1</b>
<b>3</b>	<b>Abbreviations and definitions</b>	<b>2</b>
<b>4</b>	<b>Corruption risk management process</b>	<b>3</b>
4.1	Introduction	3
4.2	Due Diligence	3
4.2.1	How is the Due Diligence initiated?	3
4.2.2	When should the Due Diligence be initiated?	4
4.2.3	How is the Due Diligence conducted?	4
4.2.4	How is the Due Diligence recorded?	5
4.2.5	How long is a Due Diligence valid?	5
4.2.6	Are there any exemptions to the Due Diligence?	5
4.3	Corruption Risk Assessment	5
4.4	Anti-bribery and corruption undertakings	5
4.5	Ongoing monitoring	6
<b>5</b>	<b>Appendices</b>	<b>6</b>

### **1 Validity**

The entire Saab Group.

### **2 Purpose**

Saab will only transact and engage with business partners who will not expose Saab to unacceptable reputational or legal risks.

This document sets out the rules and procedures applicable to the corruption risk management of Category 2 Business Partners. These partners represent a heightened level of third party risk as they are engaged in winning business or likely to be interacting with the end customer. Their onboarding and management therefore call for particular attention.

The following table sets out the business partners that belong in category 2.

<b>Business partners</b>	<b>Characteristics</b>
<ul style="list-style-type: none"> <li>• Prime Contractors</li> </ul>	Air framers, shipyards, construction companies or other companies that Saab sells to that are not the end customer for that particular sale.
<ul style="list-style-type: none"> <li>• Offset Suppliers</li> </ul>	Companies that Saab purchases goods or services from to discharge existing offset obligations.
<ul style="list-style-type: none"> <li>• Local Industrial Partners</li> </ul>	Companies that Saab co-operates with to generate unsolicited local content to Saab's offer.
<ul style="list-style-type: none"> <li>• Teaming Partners</li> </ul>	Companies that Saab co-operates with regarding marketing and sales.

For more information and guidance about which business partners that are Category 2 Business Partners, please refer to Saab's Business Partner Categorization Table GMS-0518 or contact E&C.

Reference  
 GMS-0518 Saab's Business Partner Categorization Table

### 3 Abbreviations and definitions

**Anti-Bribery Screening** Screening of the Business Intermediary against relevant databases, incl. denied parties and politically exposed persons lists.

**Category 2 Business Partner** A company who belongs in category 2 according to Saab's Business Partner Categorization Table.

**Due Diligence** The investigation of the professional and ethical standing of a potential Category 2 Business Partner.

**Due Diligence Questionnaire (DDQ)** The document in digital or physical form to collect information from the Category 2 Business Partner.

---

<b>E&amp;C</b>	Ethics and Compliance, Saab's specialist function for anti-bribery and corruption and business ethics (WHO-0276).
<b>Red Flag</b>	A fact, event or set of circumstances, or other information that may indicate a potential concern for illegal or unethical business conduct (GMS-0525).
<b>Request For Screening</b>	The document in digital or physical form to request the initiation of a Due Diligence of a Category 2 Business Partner (5000363-037).

#### References

WHO-0276	Saab Group, Group Legal Affairs, Ethics and Compliance
GMS-0525	Bribery and Corruption Red Flags
5000363-037	Request for Screening

## **4 Corruption risk management process**

### **4.1 Introduction**

The corruption risk management process is made up of a number of steps that serve to identify and manage corruption risks in Saab's dealings with Category 2 Business Partners.

A flow chart of the process is found in INF-0743 App 1.

#### Reference

INF-0743 App 1	Flow Chart Corruption Risk Management Process Business Partner Category 2
-------------------	--

### **4.2 Due Diligence**

#### **4.2.1 How is the Due Diligence initiated?**

A Saab organisation who wants to contract with a Category 2 Business Partner shall submit a Request For Screening (5000363-037) to E&C by email to DDadmin@saabgroup.com.

#### **4.2.2 When should the Due Diligence be initiated?**

While a Due Diligence must be conducted on all Category 2 Business Partners before Saab submits a binding proposal to, or enters into a binding contract with, that partner, there is no Due Diligence requirement before executing documents that are restricted to expressing an intention to contract.

However, it is still prudent to make the Category 2 Business Partner aware of the Due Diligence requirement at an early stage to align expectations and reduce the risk of misunderstandings as to the prerequisites for the co-operation.

#### **4.2.3 How is the Due Diligence conducted?**

Following receipt of the Request For Screening, E&C will initiate the Due Diligence by submitting a DDQ to the Category 2 Business Partner unless:

1. The Category 2 Business Partner has previously been deemed to expose Saab to an unacceptable legal or reputational risk, in which case E&C and the requesting Saab organisation should work together to decide whether there are sufficient reasons to conduct a new Due Diligence.
2. The Category 2 Business Partner has already passed a Due Diligence which remains valid, in which case the requesting Saab organisation may proceed to contract with the Category 2 Business Partner subject to attending to the other steps of this process.
3. E&C and the requesting Saab organisation agree that the DDQ is not the appropriate approach.

Once the DDQ has been returned (or it has been decided that the DDQ is not the right approach), E&C will proceed to conduct Anti-Bribery Screening of the potential Category 2 Business Partner.

Based on the result of the DDQ and the Anti-Bribery Screening and any other available information, E&C will decide whether any additional Due Diligence activities are needed.

This may involve instructing a specialist Due Diligence provider to prepare an external report on the proposed Category 2 Business Partner or arranging face-to-face meetings or conference calls between appropriate representatives of the Category 2 Business Partner and E&C to discuss potential risks and Saab's anti-bribery and compliance standards and expectations.

Following completion of the Due Diligence, E&C will issue a report setting out its recommendation as to the suitability of the proposed Category 2 Business Partner.

#### **4.2.4 How is the Due Diligence recorded?**

E&C will keep a record of all forms, documents and reports completed, submitted or collected as part of the Due Diligence. The Saab representatives listed in the Request For Screening will have access to the documentation via a web link.

#### **4.2.5 How long is a Due Diligence valid?**

The Due Diligence gives a snapshot of the professional and ethical standing of a Category 2 Business Partner and will have to be repeated regularly. The interval with which the Due Diligence should be repeated will normally range from 3 to 5 years depending on the nature and extent of the relationship. The interval for each individual Category 2 Business Partner will be decided by E&C.

#### **4.2.6 Are there any exemptions to the Due Diligence?**

There is no requirement to conduct Due Diligence on Category 2 Business Partners that are owned, wholly or partly, by Saab.

Where Saab is dealing with several Category 2 Business Partners that belong to the same Company Group, the Due Diligence need not be conducted on each individual entity separately but may focus on the Company Group as a whole.

### **4.3 Corruption Risk Assessment**

Even though a Category 2 Business Partner has passed the Due Diligence the relevant Saab organisation will still have to ensure itself that the business or transaction to be performed through the co-operation with the Category 2 Business Partner does not expose Saab to unacceptable corruption risks.

It is up to the Saab organisation to decide how the corruptions risk assessment is conducted and recorded, unless E&C instructs otherwise in its recommendation. The template 5000362-320 may be used.

### **4.4 Anti-bribery and corruption undertakings**

All contracts with Category 2 Business Partners regarding marketing, sale or purchase must include anti-bribery and corruption clauses based on templates approved by E&C or that have been reviewed and approved by a Saab Legal Counsel.

If a Saab representative obtains a precedent or receives a draft contract that does not include anti-bribery and corruption clauses, he or she should work with a Saab Legal Counsel to incorporate appropriate clauses.

It is the responsibility of the Saab organisation that wants to contract with a Category 2 Business Partner to ensure that the contract meets these requirements.

#### **4.5 Ongoing monitoring**

E&C will ensure that Category 2 Business Partners are registered for ongoing Anti-Bribery Screening and that the relevant Saab organisation are promptly informed of any Red Flags detected from the screening.

The Anti-Bribery Screening does not mean that the relevant Saab organisation can abstain from its own monitoring of the Category 2 Business Partner. First-hand observations will often trump other information sources. It is the responsibility of all Saab personnel interacting with a Category 2 Business Partner to look out for Red Flags and if any are found, as soon as possible, report them to E&C.

Examples of Red Flags are set out in GMS-0525.

Reference

GMS-0525      Bribery and Corruption Red Flags

The following are examples of situations or times when Red Flags may be more likely to arise and where particular attention must be paid.

- During price or fee negotiations.
- When new business is being tendered for.
- When there is knowledge that the Category 2 Business Partner is interacting with end customers or government officials concerning Saab's products or services.

The existence of a Red Flag does not mean that Saab automatically must cease dealing with the Category 2 Business Partner, but any Red Flag must be promptly investigated and resolved. If and how a Red Flag can be resolved will depend on its nature and the circumstances at hand.

#### **5 Appendices**

INF-0743      Flow Chart Corruption Risk Management Process Business  
App 1      Partner Category 2