

## **Corruption risk management of Category 1 Business Partners (Business Intermediaries)**

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### **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 1 Business Partners, also referred to as Business Intermediaries. These partners represent the highest level of third party risk as their acts are likely to be attributed to Saab and their engagement may be prohibited, require specific disclosure or be subject to revolving door policies. Their onboarding and management therefore call for particular attention.

The following table indicates business partners that belong in category 1.

<b>Business partners</b>	<b>Characteristics</b>
Market Consultants	Companies that are engaged to promote, develop, carry out, perform, assist or support the marketing and sales of Saab's products and services.
Lobbyists	Companies that are engaged to influence or advise how to influence the strategic or political environment or context for Saab's business.
Offset Consultants	Companies that are engaged to provide advice or support in relation to offset programs or offset transactions.
Strategic advisers	Persons or companies who are engaged on a retainer or hourly/daily rate to provide high-level strategic or other advice to Saab.
Resellers	Companies that are engaged to distribute or sell Saab's products or services where Saab's order intake value is expected to account for at least 50 percent of the prime contract value.

For more information and guidance about which business partners that are Category 1 Business Partners, please refer to Saab's Business Partner Categorization Table GMS-0518 or contact E&C or MNM.

### Reference

GMS-0518 Saab's Business Partner Categorization Table

### 3 Abbreviations and definitions

**Agreement Monitor** means the person who has been specifically appointed to monitor the Business Intermediary's performance of services.

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

**Business Intermediary or Category 1 Business Partner** means a person or a company who belong in category 1 according to Saab's Business Partner Categorization Table (GMS-0518).

Reference

GMS-0518 Saab's Business Partner Categorization Table

**Business Justification (BJ)** means the document in digital or physical form to initiate and justify the appointment of a Business Intermediary.

**Corruption Perceptions Index (CPI)** means the index published annually by Transparency International which ranks countries by their perceived levels of public sector corruption.

**Due Diligence** means the investigation of the professional and ethical standing of a potential Business Intermediary.

**Due Diligence Questionnaire (DDQ)** means the document in digital or physical form to collect information from the Business Intermediary.

**E&C** means Ethics and Compliance, Saab's specialist function for anti-bribery and corruption and business ethics (WHO-0276).

Reference

WHO-0276 Saab Group, Group Legal Affairs, Ethics and Compliance

**ECB** means Ethics and Compliance Board, Saab's management body responsible for anti-bribery and corruption and business ethics (WHO-0268).

Reference

WHO-0268 Terms of Reference for the Ethics and Compliance Board

**Handover Statement** means the statement confirming the appointment of a Business Intermediary and setting out the general and specific monitoring responsibilities.

**Initiator** means the Saab organisation who wishes to appoint a Business Intermediary.

**MNM** means Market Network Management Saab's specialist function for appointment and management of business partners (WHO-0136).

Reference

WHO-0136 Saab Group, Group Legal Affairs, Market Network Management

**Megadeal** means a business prospect with a potential order value in excess of [amount] SEK.

**Red Flag** means a fact, event or set of circumstances, or other information that may indicate a potential concern for illegal or unethical business conduct. Examples of Red Flags are set out in GMS-0525.

Reference

GMS-0525 Bribery and Corruption Red Flags

**Renewal Endorsement Form (REF)** means the document in digital or physical form for the requested extension or renewal of a Business Intermediary agreement.

## **4 Corruption risk management process**

### **4.1 Introduction**

The corruption risk management process for a Category 1 Business Partner is made up of a number of steps that serve to verify its integrity and suitability for the assignment, to bind it to Saab's anti-bribery and compliance expectations and to monitor and record its performance and conduct.

Under no circumstances shall a Business Intermediary be engaged or instructed to carry out any services without completion of all steps leading up to the signing of an agreement in accordance with this process.

A flow chart of the process can be found in INF-0742 App 1.

Reference

INF-0742 Flow Chart Corruption Risk Management Process Business  
App 1 Partner Category 1

## **4.2 Justification of the appointment**

An Initiator who wants to appoint a Business Intermediary shall submit a Business Justification to MNM. The purpose of the Business Justification is to initiate the corruption risk management process and to justify the commercial rationale for engaging the Business Intermediary.

The Business Justification shall be signed by the ultimate head of the Initiator (the Head of Group Marketing & Sales, the Business Area Head, the Operational Country Head or the Group Function Head, as applicable).

MNM shall review the Business Justification. The Initiator should be prepared for follow-up questions, particularly regarding the robustness of the business case and the justification for the proposed remuneration.

The remuneration shall always be determined to reflect a fair and reasonable compensation for the services, i.e. be proportionate to the scope, duration, level and quality of the services as well as the business risk carried by the Business Intermediary. The remuneration shall be based on the most objective elements possible.

The Business Justification will not be processed by MNM until it is fully completed and duly signed.

## **4.3 Due Diligence**

Upon acceptance of the Business Justification, MNM shall initiate and perform a Due Diligence regarding the proposed Business Intermediary. This will include:

1. collecting information from the proposed Business Intermediary through a Due Diligence Questionnaire
2. Anti-Bribery Screening
3. conducting face-to-face interviews and anti-bribery training
4. instructing a specialist Due Diligence provider to prepare an external report.

MNM may decide to limit the Due Diligence in a specific case provided that the reasons therefore are recorded.

#### 4.4 ECB review and authorisation

Upon completion of the Due Diligence, MNM will decide whether to authorise or reject the appointment.

If MNM authorises the appointment, it shall be put before the ECB provided that the potential business case or the proposed remuneration meets the thresholds in the table 1 below.

MNM may also, after consultation with E&C, refer an appointment to the ECB due to policy issues.

MNM's referral of a proposed appointment to the ECB shall include a recommendation for resolution and be supported by relevant information, including e.g. the business case and the time scales, country specific restrictions, Due Diligence data and the proposed remuneration.

If MNM has rejected a proposed appointment, the Initiator may challenge the rejection and request that the matter should be put before the ECB. Any such request shall be made in writing to E&C.

If a matter is put before the ECB, the Head of the Initiator shall attend the ECB meeting and present the justification for the appointment.

The ECB will authorise or reject the appointment.

Engagement	MNM responsibility	ECB responsibility
Megadeal with success based incentive or monthly fee in excess of SEK [amount]	Authorize and refer to ECB	Authorize or reject
	Reject	Authorize or reject following the Initiator's challenge
Megadeal with monthly fee below SEK [amount]	Authorize	N/A
	Reject	Authorize or reject following the Initiator's challenge

Engagement	MNM responsibility	ECB responsibility
Other transactions where the success based incentive may exceed [amount] SEK or the monthly fee exceeds SEK [amount], unless the transaction takes place in a country with a CPI $\geq 80$ .	Authorize and refer to ECB	Authorize or reject
	Reject	Authorize or reject following the Initiator's challenge
All other transactions	Authorize	Policy issues only
	Reject	Authorize or reject following the Initiator's challenge

*Table 1: Thresholds for ECB referral*

#### 4.5 Negotiating the agreement

All agreements with Business Intermediaries shall be in writing.

MNM is solely and exclusively responsible for negotiating the agreement with the proposed Business Intermediary, except in the case of Resellers where this responsibility vests with the relevant BA.

The agreements that MNM negotiates shall be based on templates approved by E&C. More significant deviations from such templates shall be discussed and agreed with E&C. The agreement term shall not exceed three years unless specifically approved by E&C or the ECB.

In the case of Resellers, the agreement shall 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. The relevant BA may not initiate agreement negotiations with any Reseller prior to MNM's confirmation in writing of the authorisation of the appointment. The BA shall keep MNM informed of the status of the negotiations and must obtain MNM's approval to any commission in excess of that indicated in the Business Justification.

#### **4.6 Signing the agreement**

All agreements except with Resellers shall be executed by the General Counsel under a standing power of attorney or, where this is not possible due to legal requirements, after written approval by the General Counsel.

All agreements with Resellers shall be signed in accordance with the signing authority applicable to the operations of the relevant BA. The BA shall submit a copy of any signed Reseller agreement to MNM.

MNM shall keep a copy of the executed agreement and forms and documents completed and submitted as part of the appointment process.

#### **4.7 Monitoring the services**

Once the agreement has been executed, MNM will inform the Initiator and issue a Handover Statement to the Agreement Monitor. MNM will also register the Business Intermediary for continuous screening against relevant databases.

The Handover statement will detail the general and specific monitoring responsibilities of the Agreement Monitor. These include:

- to follow-up that the Business Intermediary's performance of services conforms to the Business Justification and the agreed scope of work
- to ensure that the Business Intermediary submits activity reports in accordance with the agreement
- to review and store the activity reports and deal with any discrepancies
- to keep records of his or her interactions with the Business Intermediary, these records may come in many different forms such as notes of meetings and telephone conversations, emails and letters
- to look out for any Red Flags that may present themselves in the performance of the agreement
- to report any identified Red Flags immediately to MNM or E&C
- to maintain a professional relationship, free of personal interests, with the Business Intermediary
- to inform relevant personnel of the termination or expiry of the Business Intermediary agreement to ensure that there are no further business dealings between the Initiator and the Business Intermediary.



The existence of an Agreement Monitor does not absolve all other parts of the Initiator's organisation from their responsibility to follow-up and monitor the Business Intermediary's performance of services and to raise any detected Red Flags.

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

Reference

GMS-0525      Bribery and Corruption Red Flags

The existence of a Red Flag does not mean that Saab automatically must cease dealing with the Business Intermediary, 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.

#### **4.8          Payments**

Group Marketing & Sales and each Business Area, Operational Country or Group Function who makes payment to a Business Intermediary shall appoint a person with specific responsibility to verify and ensure that:

- the payment request is in accordance with the Business Intermediary agreement
- the reimbursement of possible expenses is allowed by the Business Intermediary agreement and related receipts include details of the purpose and recipients of the expenses
- the Business Intermediary has performed the contracted services to the satisfaction of Saab, including submission of activity reports
- there are no unresolved Red Flags in relation to the performance of the Business Intermediary agreement.

Cash payments or payments by unusual means or methods are strictly prohibited. Payments shall only be made, save in legitimate exceptional circumstances, in the country where the Business Intermediary is active or registered, in the latter case on the condition that the registration reflects a substantive actual business presence in that jurisdiction.

All payments shall be made against invoices issued by the Business Intermediary and shall be duly recorded in Saab's books.

#### **4.9 Renewals, amendments, expiry and termination**

Unless E&C decides otherwise, all renewals of, or amendments to, Business Intermediary agreements must follow the same process as the initial appointment.

If the Initiator wishes to renew or extend a Business Intermediary agreement, the Initiator shall submit a Renewal Endorsement Form to MNM. Before any renewal or extension, the Initiator shall confirm compliance by itself and the Business Intermediary with the obligations and undertakings set out in the Handover Statement.

Where a Business Intermediary agreement has expired, MNM will write to the Business Intermediary (with a copy to the Initiator) confirming that the contract has expired and that the Business Intermediary must not act for Saab from that point onwards.

It is the responsibility of the Agreement Monitor to ensure that all relevant personnel is informed that the agreement is no longer in force and to see to it that the Business Intermediary understands that it should no longer be providing services or hold itself out to represent Saab and that it will not be paid for any work except pursuant to an effective Business Intermediary agreement.

Any process for the early termination of a Business Intermediary agreement shall be managed by E&C or Group Legal Affairs. Only E&C or Group Legal Affairs have authority to negotiate payments outside the terms of a Business Intermediary agreement, as a settlement or otherwise.

Following the expiry or the early termination of a Business Intermediary agreement, there should be no further communication or interaction with the Business Intermediary unless approved by the Head of E&C or the Head of MNM.

## **5 Delegation of authority re. Resellers**

An Initiator may receive a limited delegation to appoint and manage Resellers under a decentralised process where justified from a corruption risk perspective, for instance where the business is characterised by low value transactions, short sales cycles, transparent pricing, private customers or non-military products.

An Initiator who wants to receive a delegation of authority shall make a request to MNM. If MNM agrees with the request, it will work with the Initiator to document the justification and detail the applicable rules and procedures.

The delegation of authority shall be submitted to E&C for approval.

MNM shall annually review the delegation of authority and the Initiator's compliance therewith. Any suggested changes shall be approved by E&C.

## **6 Audit program**

Internal Audit will every year audit a selection of Business Intermediary engagements in order to verify compliance with the corruption risk management process and to achieve reasonable assurance as to the integrity of the Business Intermediary's services. The findings of the audits will be reported to the ECB which will decide on any corrective or preventive actions.

## **7 External requests for information**

In some countries or in connection with certain tender procedures, customers and government bodies may request that Saab provide information about the possible engagement of Business Intermediaries in relation to a prospective business in that country or with that customer.

The request may be integrated in the terms and conditions of the main agreement or come in the form of a standalone document. Regardless of form, the request must be reviewed and the response approved by E&C before being signed or returned to the requestor.

## **8 Appendices**

INF-0742      Flow Chart Corruption Risk Management Process Business  
App 1          Partner Category 1