
Corruption risk management of Category 1 business partners (Intermediaries)

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1 Validity

This directive applies to the entire Saab Group.

2 Purpose

Saab adheres to a policy of zero tolerance of bribery and corruption.

The purpose of this directive is to set out the rules and procedure to be applied when selecting, appointing and managing certain business partners to prevent Saab from being associated with corruption and bribery through their engagement.

3 Application

This directive applies to the agreement types defined as Category 1 in INF-0741 and includes the following business partners (referred to as “Intermediaries”).

Market consultants, agents and similar intermediaries	Business partners that provide consultancy or intermediary services for the purposes to win or retain business.
Lobbyists and public affairs consultants	Business partners that are retained to promote or support Saab’s business efforts through influence of public policy or interaction with public officials.
Prime contractors, resellers, distributors etc.	Business partners that have the contractual interface with the customer where Saab’s order intake value is estimated to account for at least 50 percent of the prime contract value.
Advisors	External individuals who are appointed to advisory boards or similar corporate bodies within Saab or to provide strategic business advise without interacting with customers on behalf of Saab.

INF-0742 App 1 contains a quick guide to the rules and procedures laid down in this directive.

Reference
 INF-0742 Process and Responsibility Summary
 App 1

4 Market consultants, agents and similar intermediaries as well as lobbyists and public affairs consultants

4.1 Business Justification

Anyone who wants to appoint an Intermediary (Initiator) of this type shall submit a Business Justification (IN 5000357-101), incl. a Corruption Risk Assessment (IN 5000358-207), to MNM.

The Business Justification shall be signed by the relevant Business Area or Market Area Head. Signing rights of the Business Justification cannot be delegated.

MNM shall review the Business Justification in order to ensure that there is sufficient business rationale for retaining the Intermediary.

4.2 Due Diligence

Upon acceptance of the Business Justification, MNM shall initiate and perform a due diligence investigation which shall include:

1. A questionnaire to be completed by the prospective Intermediary;
2. Face-to-face interviews and anti-bribery and corruption training;
3. Screening against relevant data bases, incl. denied parties and politically exposed persons (PEP) lists;
4. Subject to the assessed risk, an investigation using external resources; and
5. Registration of the Intermediary for continuous data base screening.

If any step is deemed by MNM not to be required under the circumstances or the nature of the assignment, then the due diligence may be more limited in scope, provided that the reasons therefore are recorded.

The due diligence investigation shall be renewed periodically based on the assessed risk level.

4.3 Decision authority

Authority to decide on the engagement or the extension of an engagement of an Intermediary of this type is allocated in accordance with the following table.

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
Other transactions where the success based incentive may exceed [amount] SEK or the monthly fee exceeds SEK [amount]	Authorize and refer to ECB	Authorize or reject
	Reject	Authorize or reject following the Initiator's challenge
All other transactions	Authorize	N/A
	Reject	Authorize or reject following the Initiator's challenge

MNM may also, after consultation with Ethics and Compliance (E&C), refer a case to Ethics and Compliance Board (ECB) due to policy issues.

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

In the event that MNM has rejected a proposed arrangement, the Initiator may challenge MNM's decision and request that the matter is referred to ECB. Any such request shall be made in writing to E&C. The Head of the Initiator shall personally participate and present the matter to ECB.

MNM may refrain from referring to ECB extensions of agreements that are purely retainer based.

4.4 Contract negotiations

MNM is solely and exclusively responsible for all contractual negotiations with the prospective Intermediary.

All agreements shall be in writing and be based on templates developed by E&C. More significant deviations from the templates shall be discussed and agreed with E&C.

4.5 Signing of Agreements

All agreements shall be signed 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.

5 Prime contractors, resellers and distributors etc.

5.1 Business justification

To be handled in accordance with section 4.1.

5.2 Due diligence

To be handled in accordance with section 4.2.

5.3 Decision authority

Authority to decide on the engagement of an Intermediary of this type is allocated in accordance with the following table.

Engagement	MNM	ECB
Megadeal	Authorize and refer to ECB	Authorize or reject
	Reject	Authorize or reject following the Initiator's challenge
All other transactions	Authorize	N/A
	Reject	Authorize or reject following the Initiator's challenge

MNM may also, after consultation with E&C, refer a case to ECB due to policy issues.

5.4 Contract negotiations

The Initiator is responsible for all contractual negotiations with the prospective Intermediary.

All agreements shall be in writing and must include:

1. An anti-bribery and corruption undertaking;
2. An immediate termination right should the Intermediary be found to be in breach of its anti-bribery and corruption undertaking; and
3. Any other provisions specifically instructed by MNM or E&C.

5.5 Signing of agreements

All agreements shall be signed in accordance with the signing authority applicable to the operations of the Initiator.

The Initiator shall submit a copy of the signed agreement to MNM.

5.6 Simplified framework procedure

An Initiator may under certain circumstances be granted permission to appoint and manage distributors and resellers under a simplified procedure provided that it can be justified from a corruption risk perspective. This could for instance be the case where business is characterized by low value transactions, short sales cycles, transparent pricing, private customers or non-military products.

An Initiator who wants to have the possibility to appoint and manage distributors and resellers under a simplified procedure shall make a request to MNM. Following such request, MNM shall in co-operation with the Initiator produce a framework which shall detail the rules and procedures to be applied by the Initiator and include a justification of the simplified procedure.

The framework shall be based on a corruption risk assessment of the business and distributorship model and address:

1. Product(s) and potential order values;
2. Territory(ies);
3. Due diligence requirements;
4. Template clauses;

5. Reporting of agreements to MNM; and
6. Any other relevant requirements.

The framework shall be submitted to E&C for approval.

No agreement may be entered into by an Initiator and the intermediary before the framework has been duly approved. When a framework has been approved, the Initiator may appoint distributors in accordance therewith.

MNM shall annually review the framework and the Initiator's compliance therewith and consider whether any changes are required. Any such changes shall be presented to E&C for approval.

In the absence of a valid framework, the appointment of a distributor shall be handled in accordance with sections 5.1-5.5.

6 Advisors

An Initiator who wants to appoint an advisor shall send a Request For Screening (IN 5000363-037) to MNM in order for MNM to conduct a due diligence investigation which shall include:

1. A questionnaire to be completed by the prospective adviser;
2. Screening against relevant data bases, incl. denied parties and politically exposed persons (PEP) lists; and
3. Registration of the advisor for continuous data base screening.

If any step is deemed by MNM not to be required under the circumstances or the nature of the assignment, then the due diligence may be more limited in scope, provided that the reasons therefore are recorded.

The Initiator may not proceed with the appointment of the advisor until the due diligence investigation is completed.

Authority to decide on the appointment of an advisor and responsibility for contract negotiations and signing of agreements vests with the Initiator.

All agreements shall be in writing and must include:

1. An anti-bribery and corruption undertaking;
2. An immediate termination right should the Intermediary be found to be in breach of its anti-bribery and corruption undertaking; and
3. Any other provisions specifically instructed by MNM or E&C.

The Initiator shall submit a copy of the signed agreement to MNM.

7 General requirements

7.1 Remuneration and payment

The remuneration shall 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 Intermediary. The remuneration shall be based on the most objective elements possible.

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 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 Intermediary and shall be duly recorded in Saab's books.

7.2 Administration

MNM shall:

1. Keep record over all agreements entered into;
2. Liaise with the Initiator and agree appropriate measures where the circumstances so require as regards performance or conduct of the Intermediary; and
3. Notify the Initiator sufficiently in advance of the expiration of an agreement and for Intermediaries in section 4 request instructions on whether to extend or to terminate the agreement.

The Initiator shall:

1. On an on-going basis evaluate the performance of the Intermediary and report to MNM any perceived deficiency without delay;
2. Receive and keep copies of reports agreed to be submitted by the Intermediary as well as other information related to the Intermediary's activities in order to verify its performance under the agreement;
3. Notify MNM of the expiry, termination or extension of all agreements with Intermediaries in section 5 and 6; and
4. Appoint a single point of contact to interface with MNM in all aspects of this directive.

7.3 ECB authorization

Authorization by ECB is a confirmation that the procedure has been appropriately applied and that the conclusions are relevant in relation to the presented information. It does not serve to absolve the organization from its responsibility at all levels to proactively prevent corruption and bribery risks.

8 Appendices

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