

## **Section 172 (1) Statement**

This statement contains an overview of how the Directors have performed their duty to promote the success of the Company as set out in section 172 (1) of the UK's Companies Act 2006. That section requires a Director of a company to act in a way he/she considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the Directors must have regard, amongst other matters, to:

- a. The likely consequences of any decision in the long term
- b. The interests of the company's employees
- c. The need to foster the company's business relationships with suppliers, customers and others
- d. The impact of the company's operations on the community and the environment
- e. The desirability of the company maintaining a reputation for high standards of business conduct, and
- f. The need to act fairly

## **Decision Making**

The business units within General Dynamics UK report into two of the five operating segments within the General Dynamics Corporation; Mission Systems into the Mission Systems segment and Land Systems into the Combat Systems segment. The General Dynamics Corporate team sets the overall strategy for the business with each business unit being responsible for the execution of its own strategy and operational performance, whilst also adhering to General Dynamics UK's robust policies and processes. Decisions taken affecting each business unit are taken in line with the Company Delegation of Authority and General Dynamics UK's policies and processes.

As part of its operational performance, the business units produce a strategic plan alongside a five-year financial projection. This is produced annually and reviewed for the preceding 18-months every quarter. The Directors and their senior delegates of the business have contributed towards this process for their respective business units, including the development and review of risks and opportunities to this strategy and the financial projections. In conducting this process, the Directors and their delegates have had regard for the business, its stakeholders, and the long-term implications of the decisions that they are undertaking.

## **Employees**

Employee engagement has been a key focus, and continues to be so, for the Directors and management of the Company, to ensure its connecting employees to the Company's strategy and empowering them to contribute to its operational performance. The Company has continued to invest in training and development, and involvement of employees across the business. A comprehensive employee communications programme is active, which includes regular all-employee briefings,

in addition to monthly 'flow-down' meetings and the weekly e-newsletter. In light of many employees working from home as a result of the pandemic, a calendar of regular virtual events provided employees with another way to stay connected and updated on business activity. Topics covered include market forecasts, product development, facilities and Company financial status.

The Company has encouraged participation and involvement in matters which affect their interests as employees. Encouragement has been given to employees to provide feedback using organisation-wide questionnaires, with the aim of achieving a common awareness on all aspects affecting the performance of the Company. The Employee Consultation Group has worked well providing a safe forum for elected employee representatives to openly discuss business and employment matters with senior management. The Company's implemented policies and processes has also provided a means to give employees their views and feedback. Through the implementation by the Company of these policies and processes, the Directors and management have had regard to the interests of the Company's employees.

### **Fostering business relationships with suppliers, customers and other**

The Board of Directors and Management of the Company believes that the prime value of the Company is generated from its employees, supply chain and customer relationships. Fostering business relationships with key stakeholders, such as customers and suppliers is considered as essential to the Company's success. The Directors, Senior Management and the Supply Chain team within the Company has met with key suppliers in order to develop and enhance strategic relationships with them. The Company has also worked closely with its supply chain through several forums and continues to pledge support to the UK Government's Small- and Medium-Sized enterprise agenda. The Directors recognise the importance of paying suppliers promptly and in 2019, the Company signed up to the Prompt Payment Code (PPC). The Innovation Sourcing Network is a concept developed by General Dynamics which provides Small- and Medium-Sized Enterprises, academia and customers with access to virtual and physical collaboration environments. This enables Small- and Medium-Sized Enterprises with a route to market and also provides customers with potential solutions to complex engineering problems.

The Company has also continued to focus on building collaborative relationships with customers and external stakeholders. The Directors and their delegates sit on a number of UK Government defence groups and work directly with its customer base to build strong relationships. In 2019, the Company was awarded the ISO 44001 Collaborative Business Relationship Management accreditation, which is utilised across its programmes.

### **The community and the environment**

The Directors recognise and agree the importance of leading a Company that not only generates value for the shareholders but also contributes to the wider community. The Company has continued to be committed to the Armed Forces Covenant and to maintaining its Employer Recognition Scheme Gold Award. The Company holds regular events and activities for employees, to maintain awareness

of our support to the armed forces community, as well as external campaigns across social media to demonstrate our commitment.

In addition, the Company regularly supports Armed Forces charities, including ABF – The Soldiers' Charity, Combat Stress and SSAFA. In 2020, the Company employees actively supported the Reservist Day and Armed Forces Day, which the Directors of General Dynamics UK were very proud to promote.

Charitable donations and community involvement are encouraged across all sites and employees are supported by well-developed policies and practices.

Corporate sustainability is rooted in the Company Ethos. Climate change is a concern to the Directors who have committed to reducing any global environmental impact and striving to be a leader in improving environmental quality. Through existing robust governance and reporting, with a keen focus on data collation, analytics, understanding risk and identifying energy efficiency opportunities, the Company has prepared and fulfilled obligations for Streamlined Energy and Carbon Reporting (SECR).

### **Maintaining a reputation for a high standard of conduct**

The Directors and the management of the Company have continued to promote the General Dynamics Corporate policy of Ethos, which demonstrates distinguishing moral nature. The Company prides itself on values of Honesty, Transparency, Trust and Alignment throughout its workforce and operations. These values drive how the Company operates its business, governs how to interact with each other including customers, partners and suppliers, guides the way employees are treated, and determines how to connect with the community.

The Company has a Standards of Business Ethics and Conduct Handbook that applies to all employees, and is known as the 'Blue Book'. The ethics programme also includes periodic training on ethics and compliance topics for all employees and a 24-hour ethics helpline, which employees can access via telephone or online to communicate any business-related ethics concerns. The Company has implemented an Ethics code specifically applicable to the Board of Directors, which embodies the commitment to manage the business in accordance with the highest standards of ethical conduct.

The Directors have periodically reviewed and approved frameworks such as its Modern Slavery Statements, to ensure that its high standards are maintained both internally and within external business.

### **The need to act fairly**

General Dynamics UK is a wholly owned subsidiary of the General Dynamics Corporation. As a result, the need to act fairly between members of the group is covered through the policies described above and also by the Company's adherence to the policies and practise of General Dynamics Corporation.