



Defence-Industrial Cooperation with Foreign Countries: Best Practices of Ethics

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Event

- Security Sector Governance: Defence Production, Sales and Acquisitions
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- Session One: Defence Production, Sales and Procurement: State Policy and the market economy, 1 February 2017

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Outline

- Fundamentals
- Codes of Ethics
- Defence companies counter-corruption index
- Conclusion

Key considerations

- Fair competition (level-paying field)
- Market incentives
- Fewer primes; supply chains
- Trust, reducing vulnerabilities (reputational and legal)

Codes of ethics

- Global principles of business ethics for the Aerospace and Defence Industry (joint - Aerospace Industries Association of America /AIA/ and ASD)
- European Common Industry Standards for the prevention of corruption in the Aerospace and Defence sector (ASD)
 - ASD - AeroSpace and Defence Industries Association of Europe
- Codes of individual companies

Principles

- Company's integrity policy
- Awareness and compliance
- Encouraging reporting
- Appropriate, proportionate and dissuasive sanctions

“Improper advantage”

- Companies will not offer, promise, or provide any undue pecuniary or other advantage (e.g. payments, gifts, hospitality, as well as political contributions or charitable donations), to public officials, political parties or political candidates, or to any private party, in order to obtain or retain business or gain any other improper advantage in the conduct of their business

Principles (2)

- Traceability of payments, gifts, political contributions, charitable donations
- Enforcement - internal control procedures
- Same principles apply to business partners (advisors, majority-owned joint venture entities, subcontractors and suppliers)
- Managing conflicts of interest
- Respect for proprietary information

Common Industry Standards

- Compliance with laws and regulations
- Largest possible scope of application
- Prohibition of corruptive practices
- Gifts and hospitality
- Political donations and contributions
- Business partners (due diligence; legal provisions; agreement; fees to intermediaries; verification programmes)
- Integrity programmes
- Sanctions

TI Company index - methodology

- Five groups of criteria
 - Leadership, governance, and organisation
 - Risk Management
 - Policies & codes
 - Training
 - Personnel and helplines
- 41 questions and model answers
- Evidence from publicly available information, company review, internal information and external peer review

DEFENCE COMPANIES ANTI-CORRUPTION INDEX

Sort companies list by:
NADES / ALPHA

Search companies



PUBLIC INFO

2015

BAND A

Bechtel Corporation

Fluor Corporation

Lockheed Martin Corporation

Raytheon Company

2%

BAND B

Accoronic PLC
Airbus Group
Airbus International Group Ltd
BAE Systems Plc
Boeing PLC
Computer Sciences Corporation (CSC)

Deltek Inc
Finmeccanica S.P.A.
Fujitsu Ltd
GenCorp Inc
Hewlett-Packard Company
KBR Inc

Meggitt PLC
Northrop Grumman Corporation
Orbotech Group plc
Raytheon Advanced Defense Systems Ltd
Rockwell Collins Inc
Rolls-Royce PLC

Seeco Group plc
Thales Group
ThyssenKrupp AG
Ultron Electronics Holdings plc
United Technologies Corporation

14%

BAND C

Alliant Technologies Inc. (ATI)
Bredas
Bozar Allen / Invictus Inc
Charming Group PLC
Deewoo Shipbuilding and Marine Engineering
Dry & Zimmerman
DynCorp International
Hill Systems Ltd

Embraer SA
Financière S.p.A.
GE Aviation
General Dynamics Corporation
GKN plc
Harris Corporation
Honeywell
Israel Aerospace Industries Ltd

Innova Engineering Group Inc
Kongsberg Gruppen
L3 Communications Holdings Inc
Laidoo, Inc
Mission Essential Personnel LLC
Navitas AS
NEC Corporation
DeLkash Corporation

Petra Oyj
Saab AB
Science Applications International Corporation (SAIC)
Textron Inc
URS Corporation

18%

BAND D

Aion Science and Technology Corporation
Aurion India Aerospace S.A.
Avio S.p.A.
Ball Aerospace & Technologies Corp
CACI International Inc
CAE Inc.
Cubic
Curtis Wright Corporation

DCNS
Dielit NCC LTD
Diehl Stiftung & Co. KG
Esterline Technologies Corporation
FLIR Systems, Inc.
Hindustan Aerospace Limited
Huntington Ingalls Industries, Inc.
India Systems, S.A.

MenTech International Corporation
MILIA Missile Systems
Mitsubishi Electric Corporation
Mitsubishi Heavy Industries, Ltd.
MTI Arma Tronics AG
Navistar International Corporation
Dizker Otmachiv Seavium Shinyr A.S.
Precision Castparts Corp.

Rheinmetall AG
Safran SA
Samsung Techn Co. Ltd.
Teledyne Technologies Incorporated
Thales Corporation
Triumph Group, Inc.
VSA Corporation

19%

BAND E

AAR Corp
Aerospac Corporation
Aerospace Industrial Development Corporation (AIDC)
AM General LLC
AELSIAN A.S.

Dhara Earth Movers Ltd
Bluelat Electronics
Hanjin L&I Co., Ltd.
Berkley Automobile Plant
Israel Military Industries Ltd

Indhu Corporation
Kawasaki Heavy Industries, Ltd.
JTC World Co., Ltd.
Mogul Inc.
Navantia S.A.

RT Systems
RUIAG Publishing Ltd
Sumbawa Corporation
Zodiac Aerospace

12%

BAND F

Abu Dhabi Shipbuilding
Advanced Electronics Company Limited
Air Affairs Limited (AAL)
Almas-Antey
Antony
Aviatic Corporation for Industrialization (AVIC)
Aresco JSC
ASC Pty Ltd
Aviation Industry Corporation of China (AVIC)
L'Oréal Men Expert (L'Oréal)
BeTechExport JSC
Boulevard Naval Shipyard
CCA Technologies Pty Limited
China North Industries Group Corporation (NORINCO)
Comptel International Corporation

Damen Schelde Naval Shipbuilding
Dassault Aviation
Fábrica Argentina de Aviones "Ing. San Martín" S.A. (FAdeA)
General Atomics
Henry Industries Italia
Hensel Group
Humboldt Group
Igorin d.d. (Igorin)
Indian Ordnance Factories
Iraer Industries Ltd (Iraer)
Irisat Corporation
Japan Marine United Corporation
KOP Instrument Design Bureau JSC
Khalvy State Aircraft Manufacturing Company
King Abdul Aziz Bin Abdulaziz International Airport

Korea Aerospace Industries
Krauss-Maffei Wegmann GmbH & Co. KG
MC Dorn
MITRE Corporation
Nevler Group
Pallas Ordnance Facilities
Polish Defence Holding
Pongson Corporation
PT Dirgantara Indonesia (Indonesian Aerospace)
Russian Aircraft Corporation MC (RAC)
Russian Helicopters JSC
Sepura Secured Technologies Group
SATUMA
Singapore Technologies Engineering Ltd
Soyuzmaš (Irisat Menzies Oyj) S.A.

SRA International, Inc.
SRA, Inc.
Sukoh Company (JSC)
Tactical Missiles Corporation JSC
TAT (Tata Advanced Technologies, Inc.)
Tata Trucks A.S.
Terma A/S
TOPAZ JSC
United Engine Corporation
Uralgipromvostok Research and Production Corporation (URIP)
Wyle
Zastava Arms

35%

DEFENCE COMPANIES ANTI-CORRUPTION INDEX

Sort companies list by:

BANDS / ALPHABET

Search companies

BAND E

Aerospace Corporation
Aerospace Industrial
Development Corporation (AIDC)
AM General LLC

Bharat Earth Movers Ltd
Bharat Electronics
Doosan DST Co., Ltd
Gorky Automobile Plant

BAND F

Abu Dhabi Shipbuilding
Advanced Electronics Company
Limited
Air Affairs Limited (AAL)
Almaz-Antey
Antonov
Arab Organization for
Industrialization (AOI)
Arsenal JSC
ASC Pty Ltd
Aviation Industry Corporation of
China (AVIC)
Battelle Memorial Institute
BelTechExport JSC
Bousted Naval Shipyard
CEA Technologies Pty Limited
China North Industries Group
Corporation (NORINCO)
China Shipbuilding Industry

Corporation
Damen Schelde Naval
Shipbuilding
Dassault Aviation
Fabrica Argentina de aviones
"Brig. San Martín" S.A. (FAdeA)
General Atomics
Heavy Industries Taxila
Herstal Group
Hirtenberger Group
Igman d.d. Konjic
Indian Ordnance Factories
Iran Electronics Industries
Irkut Corporation
Japan Marine United Corporation
KBP Instrument Design Bureau
JSC
Kharkov State Aircraft
Manufacturing Company

Conclusion

- Ethical behavior – pre-condition for solid defence industrial cooperation
- Questions?