

Transparency International UK finds 33% of defence companies improved the transparency and quality of their anti-corruption programmes, but two-thirds don't make the grade

Anti-corruption group calls on governments to require that contractors have ethics and anti-corruption programmes in place before bidding for defence work, to bring greater accountability

London, 27 April 2015 | New research by Transparency International UK today showed that 33% of companies studied in their **Defence Companies Anti-Corruption Index 2015** have improved their ethics and anti-corruption programmes since 2012, but the industry as a whole still has a long way to go.

The *Defence Companies Anti-Corruption Index 2015* measures the transparency and quality of ethics and anti-corruption programmes of 163 defence companies from 47 countries. Each company is ranked from band A (highest) to F (lowest) using publicly available information. **Forty-two companies improved** by one or more bands since 2012. A further third also showed some improvement.

“Corruption in defence affects us all. It is not just about commissions on sales—corruption can also directly threaten the lives of citizens and soldiers,” said Mark Pyman, Director of the Transparency International UK Defence and Security Programme. “Companies that have improved are taking the lead in bringing transparency to this often-secretive sector.”

Companies from Brazil, Finland, France, Germany, Israel, Italy, Japan, the Netherlands, Norway, South Korea, South Africa, Spain, Turkey, the UK and the US improved by one band or more.

Nearly a quarter of companies show no evidence of anti-corruption programmes at all

Katie Fish, author of the report, said that “there’s still a long way to go. Two-thirds of the defence contractors in this study, which includes 36 more companies than the 2012 analysis, show little evidence of having ethics and anti-corruption programmes in place. This includes companies from most of the major arms producing countries”.

Based on public information,

- **Only eight companies have evidence of whistleblowing mechanisms that encourage reporting**
- **Just 13 companies conduct regular due diligence on agents**
- **Only three companies have evidence that they have detailed procedures to avoid corruption in offset contracts** (also known as counter-trade), a high-risk area.

Governments should require anti-corruption programmes from bidding companies

Transparency International UK called for procurement chiefs in **importing governments worldwide to demand robust anti-corruption standards of defence companies**. “If government contracts are contingent on companies having an appropriate ethics and anti-corruption programme in place, it will create a step change towards greater accountability in the defence industry, and further the positive work being done by many defence companies today,” said Pyman.

Transparency International UK also called on governments to require that bidding companies publish their detailed offset obligations and performance assessments.

Investors too are part of the solution

“Corruption can mean major reputational and financial damage,” said Fish. “Investors should use this report to ask: do the companies we invest in have high-quality anti-corruption programmes in place?”

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Notes for editors

163 defence companies from **47 countries** were assessed using publicly available information relating to their ethics and anti-corruption programmes. TI-UK used a questionnaire of 41 indicators. Based on their assessment companies were placed in one of six bands, A to F.

TI-UK also reviews internal company information. 63 companies provided internal information in 2015. TI-UK reviewed and discussed the internal documents provided with companies.

Band A : Extensive evidence
Band B: Good
Band C: Moderate
Band D: Limited
Band E: Very Limited
Band F: Almost no

About the TI Defence & Security Programme (TI-DSP): TI-DSP works to build integrity and reduce corruption in defence and security establishments worldwide by supporting anti-corruption reforms in defence establishments and companies, and raising integrity in arms transfers. The programme is led by Transparency International UK (TI-UK) on behalf of the TI movement. For more information visit www.ti-defence.org.

Results based on publicly available information

A (4 companies)	GE Aviation	Mitsubishi Heavy Industries	F (57 companies)	Korea Aerospace Industries
Bechtel	GKN	Industries	AAL	Industries
Fluor Corporation	Harris Corporation	MTU Aero Engines	Abu Dhabi Ship Building	Krauss-Maffei Wegmann
Lockheed Martin	Honeywell	Navistar	Advanced Electronics Company	M.C. Dean Corporation
Raytheon	Israel Aerospace Industries	Otokar	Almaz-Antey	The MITRE Corporation
B (23 companies)	Jacobs Engineering	Precision Castparts Corp.	Antonov	Nexter Group
Accenture	Kongsberg	Rheinmetall	Arab Organization for Industrialization	NORINCO
Airbus Group	L-3 Communications	Safran	Arsenal	Pakistan Ordnance Factories
Babcock	Leidos	Samsung Techwin	ASC	Polish Defence Holding
BAE Systems	Mission Essential	Teledyne Technologies	Aviation Industry Corporation of China	Poongsan Corporation
Cobham	Nammo	Toshiba	Battelle	PT Dirgantara
CSC	NEC Corporation	Triumph Group	BelTechExport Company	Indonesia
Exelis Inc.	Oshkosh	VSE	Boustead Naval Shipyard	RSK MiG
Finmeccanica	Patria	E (19 companies)	CEA Technologies	Russian Helicopters
Fujitsu	Saab	AAR	China Shipbuilding Industry Corporation	Sapura Secured Technologies
GenCorp	SAIC	The Aerospace Corporation	Damen Schelde Naval Shipbuilding	SATUMA
Hewlett-Packard	Textron	AIDC	Dassault Aviation	SC Uzina Mecanica
KBR	URS	AM General	FAdEA	Cugir SA
Meggitt	D (31 companies)	Aselsan	General Atomics	SRA International
Northrop Grumman	Alion Science and Technology	Bharat Earth Movers Limited	Heavy Industries Taxila	SRC, Inc
QinetiQ	Avibras Indústria Aeroespacial	Bharat Electronics Limited	Hirtenberger Group	ST Engineering
Rafael Advanced Defense Systems	Avio	Doosan DST	Igman d.d. Konjic	Sukhoi
Rockwell Collins	Ball Aerospace & Technologies Corp.	Gorky Automobile Plant	Indian Ordnance Factories	Tatra Trucks
Rolls-Royce	CACI	Israel Military Industries	Iran Electronics Industries	Terma
Serco Group	CAE	Itochu	Industries	Topaz
Thales	CAE	Kawasaki Heavy Industries	Iran Electronics Industries	Tactical Missiles Corporation
ThyssenKrupp AG	Cubic	LIG Nex1	Irkut Corporation	Turkish Aerospace Industries
Ultra Electronics	Curtiss-Wright Corporation	Moog	Japan Marine United	United Engine Corporation
United Technologies	DCNS	Navantia	KBP Instrument Design Bureau	Uralvagonzavod
C (29 companies)	Denel	RTI Systems	Kharkov State Aircraft Manufacturing Company	Wyle
ATK	Diehl Stiftung	RUAG	King Abdullah II Design and Development Bureau	Zastava Arms
Boeing	Esterline Technologies	Sumitomo Corporation		
Booz Allen Hamilton	FLIR Systems	Zodiac Aerospace		
Chemring	Hindustan Aeronautics			
Daewoo Shipbuilding & Marine Engineering	Huntington Ingalls Industries			
Day & Zimmermann	Indra			
DynCorp International	ManTech			
Elbit Systems	MBDA Missile Systems			
Embraer	Mitsubishi Electric			
Fincantieri				
General Dynamics				