

# DEFENCE COMPANIES ANTI-CORRUPTION INDEX (CI) 2015

## METHODOLOGY

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## 1. SUMMARY

Transparency International UK's Defence and Security Programme's **'Defence Companies Anti-Corruption Index (CI) 2015'** assesses the transparency and quality of ethics and anti-corruption programmes in 163 defence companies worldwide.

The CI 2015 is the second edition of an index first published in October 2012. Methodologically, the bulk of the tool remains the same: the focus is on the extent to which each company exhibits evidence of an ethics and anti-corruption programme, and Transparency International UK (TI-UK) has used both publicly available information and internal information, where provided, to determine this. Results are presented as a banding reflecting the overall level of evidence, and also as a set of five scores relating to each of the pillars that structure the questionnaire: leadership, governance and organisation; risk management; company policies and codes; training; and personnel and helplines.

There are a number of changes to the CI 2015 compared to the CI 2012. 163 companies have been assessed in 2015, up from 129 in the 2012 index, though the basis of company selection remains the same. Overall, the questionnaire is slightly more demanding than in 2012. There have been amendments to the wording of five questions and model answers, and the opportunity for a more nuanced score has been introduced for the fourteen questions where the scoring had previously been binary. Eight questions have been added, for example in relation to offsets and whistleblowing.

## 2. INTRODUCTION

Transparency International UK's (TI-UK) Defence and Security Programme's **Defence Companies Anti-Corruption Index (CI) 2015** is the follow-up to the CI 2012. The CI 2012 assessed 129 defence companies and represented a ground-breaking tool that has generated on-going interest from companies, governments, defence industry associations, and defence industry and anti-corruption analysts across the world. This edition of the index updates the findings of the first edition, using an expanded and more detailed questionnaire, which has been applied to 163 companies.

The purpose of the CI is to raise standards globally, promote good practice in preventing corruption, and increase transparency across the defence sector. In order to achieve this, the index seeks to:

1. Accurately gauge the transparency and quality of ethics and anti-corruption programmes in 163 of the world's major defence companies;
2. Categorise evidence within two, clear, banding schemas; one relating to publicly available information, the other to internal information;
3. Enable comparison of companies by: company CEOs, boards of directors, and chairs of boards; investor engagement teams, portfolio managers, and analysts; procurement chiefs in arms importing countries; government officials responsible for offsets; arms

exporting governments; governments of countries in which defence companies are based; civil society; and - crucially - the public at large;

4. Enable company engagement with the research, from updates to the methodology to provision of a company report on their assessment, also to be published on the CI website; and
5. Provide a tool for governments, defence companies, investors, and civil society, to raise standards and prevent corruption.

### 3. METHODOLOGY

#### THE QUESTIONS AND MODEL ANSWERS (QMA)

The lynchpin of the methodology is an extensive QMA document, which is available in full as Annex 2. Questions are framed around a typology of five pillars of corruption risk that underlie ethics and anti-corruption programmes, each of which is itself sub-divided:

<b>1. LEADERSHIP, GOVERNANCE &amp; ORGANISATION</b>	<b>2. RISK MANAGEMENT</b>	<b>3. COMPANY POLICIES &amp; CODES</b>
LEADERSHIP, GOVERNANCE & ORGANISATION	RISK ASSESSMENT	POLICIES
EXTERNAL ENGAGEMENT	PARTNERS & AGENTS	GIFTS & HOSPITALITY
STRUCTURE & ORGANISATION	OFFSETS	FACILITATION PAYMENTS
MONITORING & EVALUATION	<b>5. PERSONNEL &amp; HELPLINES</b>	POLITICAL & CHARITABLE CONTRIBUTIONS
<b>4. TRAINING</b>	PERSONNEL & DISCIPLINE	
GENERAL TRAINING	HELPLINES & WHISTLEBLOWERS	
SPECIALIST TRAINING		

The 2015 QMA contains 41 questions, an increase in questions from the 34 used in the CI 2012. The updated QMA features more nuanced scoring criteria for fourteen questions, and five questions have been refined. Eight questions on offsets, anti-corruption agenda review, risk assessment, charitable contributions, and whistleblowing have been added to the questionnaire. The addition of these re-distributes the weighting of the five pillars in accordance with what we have identified as priorities for defence companies. Circularity, (where the score for one question is contingent on the score of another), has been removed. Further information on amendments to the 2015 QMA is available in Annex 4 and the full question set is available in Annex 5.

Attached to each score is a model answer. The general principles underlying the score options are:

2 = The company fully meets the expectation of the question and there is evidence to substantiate this expectation.

1 = The company falls short of the benchmark response set under Score 2 in some regard.

0 = The company fails to meet the expectation of the question, the evidence is so weak that it cannot reasonably be said to be effective or there is no evidence.

## THE EVIDENCE

The CI measures the transparency and quality of ethics and anti-corruption programmes in place in major defence companies worldwide. It examines evidence from publicly available sources. We deem transparent publication of information relating to ethics and anti-corruption highly important, as this increases customer and investor confidence in the company, ensures the details of these programmes are open to public scrutiny, and enables companies to share and understand best practice.

Internal material and evidence provided by companies is also reviewed to better understand the quality of ethics and anti-corruption programmes. Although we hold transparent disclosure of such information in highest esteem, for some companies, developing ethics and anti-corruption programmes is in itself a considerable milestone. Enabling internal information to be used also increases the likelihood of positive and productive engagement with companies.

TI-UK has not undertaken to verify whether information disclosed on websites or in reports, or received directly from the company, is complete or correct. Evidence was taken at face value and no confirmation was sought or received on whether stated policies and procedures are implemented.

## THE RESEARCH PROCESS: PUBLICLY AVAILABLE INFORMATION

TI-UK retrieved publicly available information by desk research. The sources used included but were not limited to company websites and the relevant links and documents directly accessible through them. Typical documents reviewed included annual reports, social responsibility reports and corporate governance sections of the website. Data for each question was recorded and the sources documented. Wherever English language documents were not available and where possible we sought language expertise within TI-UK to review company documents.

TI-UK completed all desk research on publicly available information between April and December 2014. The research was conducted independently of evidence provided for the 2012 index and was based on the latest available documentation at the time of the assessment. Any changes occurring outside of this timeframe may not be reflected in the report. Given the number of companies assessed, the reporting periods covered in these documents may differ among the selected companies.

All information and scores were reviewed by a second TI-UK team to ensure that the initial researcher had not missed any relevant information. Once all companies had been scored, consistency checks were carried out on a question-by-question basis to ensure that all companies were scored according to the same criteria. Finally, an additional detailed internal review for each company assessment was conducted, to ensure consistency and fairness.

## THE RESEARCH PROCESS: COMPANY REVIEW

The initial assessments were sent to all companies so that they had the opportunity to guide TI-UK towards any additional public information. Companies providing feedback on their initial draft assessment based on public information were provided with a second draft assessment following a review of their feedback.

The initial element of this activity was a concerted effort to make contact with companies to secure a Point of Contact (POC). Letters were sent to CEOs in good time before the assessment period, (November 2013), and communications made with POCs established as part of the CI 2012. We also sought to obtain POCs through communications with defence associations, such as the International Forum on Business Ethical Conduct (IFBEC).

## THE RESEARCH PROCESS: INTERNAL INFORMATION

All companies were invited to submit internal, non-public information, to TI-UK. This helps to enable a truer representation of the companies' anti-corruption programmes, even though the results are not part of the official CI. The banding schema associated with internal information is presented separately from that associated with public information.

Internal information was accepted in a number of formats– from internal documents, to training videos, to footage or transcripts of speeches. As with the CI 2012, TI-UK has undertaken to handle all such information as commercially sensitive and to destroy all source material within a period defined with each company. We also offered to sign Non-Disclosure Agreements (NDAs), an offer that was taken up by 23 companies.

Total number of companies in the survey	163
Number of companies who formally declined to engage	4
Number of companies for whom no communication was received	63
Number of companies who engaged with TI-UK	100
Number of companies who actively commented on the draft assessment	73
Number of companies that provided internal information	63

## THE RESEARCH PROCESS: EXTERNAL PEER REVIEW

Peer review was undertaken by reviewers with expertise in the defence industry and/or corporate ethics and compliance programmes. Peer reviewers were required to review in

detail and comment on both the responses provided by the companies and the scores by TI-UK. The peer review panel was required to sign NDAs that prohibit them from speaking about any of the results from the questionnaire. Peer reviewers recused themselves from reviewing any company with whom they had worked in any direct or potentially conflicted capacity.

John Bray	Anti-Corruption Expert, Control Risks (acting in a personal capacity)
Charles Chadwick	Retired Vice President, Contracts & Business Conduct, BAE Systems (acting in a personal capacity)
John Howe	Former Vice Chairman of Thales UK (acting in a personal capacity; recused from reviewing French companies)
Dr Rajesh Kapoor	Director, Defence, Aerospace & Security, Confederation of Indian Industry, New Delhi (acting in a personal capacity; recused from reviewing Indian companies)

## DEFINITIONS

### **Corruption**

Transparency International's definition of corruption is: "Corruption is the abuse of entrusted power for private gain. It hurts everyone whose life, livelihood or happiness depends on the integrity of people in a position of authority." We identify particular corruption risks in defence and security through the use of a typology of corruption risks, which has been detailed in more depth earlier in this document.

### **Corruption risk**

Corruption risk refers to the probability that defence and security corruption might occur along with a reflection of the potential cost associated with that corruption. It thus reflects the potential that such loss, whether monetary, social, or political, can arise; and reflects the severity of such cost when it occurs. Increased risk means higher potential for corruption or higher associated cost or both; decreased risk means lower potential for corruption or lower associated cost or both. Companies have the ability to influence levels of corruption risk as the 'supply side' actors, while the 'demand side' actors are assessed in the sister index: the Government Defence Anti-Corruption Index.

### **Ethics and anti-corruption programmes**

Defence companies use a variety of terms to describe their corporate systems for promoting integrity and reducing corruption risk. Terminology that covers these efforts may include 'business ethics', 'business conduct', or 'compliance programmes'. Additionally, each company may house their efforts to promote values and tackle corruption in separate departments. For example, some companies may organise their values and integrity building efforts under a Business Ethics or Human Resource Department. These same companies may organise their anti-corruption and other compliance efforts under a Legal Department. Given there are such a variety of terms and organisational structures that cover integrity building and anti-corruption efforts, there is no one set of correct terms or approaches. For the purposes of this methodology, TI-UK uses the phrase 'ethics and anti-corruption programmes' to describe a company's approach to promoting its ethical culture and reducing corruption risk.

## Values

In the 2015 QMA, reference is made to anti-corruption programmes, principles, and programmes, as well as programmes to promote ethics, values, and compliance. According to the context, these terms may refer to the cultural values the company seeks to promote and/or the policies and procedures the company employs to ensure these cultural values attach. Yet the term 'values' can refer to a huge variety of principles in an organisation: from those tied to corporate objectives, such as maximising shareholder value, to anti-harassment policies. In the context of the CI, the focus is on values designed to reduce **corruption risk**.

## 4. COMPANY SELECTION

Defence companies have been selected according to the following three criteria:

1. They were included in the CI 2012, so their inclusion in the CI 2015 enables comparison over time; and/or
2. They were included in the Defense News 2012 top 100 defence companies and/or SIPRI 2011 top 100 defence companies<sup>1</sup>; and/or
3. They are a significant defence company, (by revenue and exports), from a country that would otherwise be unrepresented in the CI 2015, but that country has arms exports in excess of \$1m 2010-2012, (SIPRI Trend Indicator Values expressed in USDm. at constant 1990 prices<sup>2</sup>).

We also include two trading houses from Japan—Itochu and Sumitomo Corporation—with significant net income relating to defence. Generally, company subsidiaries have been excluded from the analysis. In addition, three companies from the CI 2012 are not included - Goodrich Corporation because it is now defunct, Tognum because it has been acquired by Rolls-Royce, and ARINC because it has been acquired by Rockwell Collins. The number of companies from the CI 2012 assessed in the CI 2015 is 127 because, in 2013, Science Applications International Corporation (SAIC) became Leidos and spun off its government services and information technology business under the name SAIC. Both Leidos and SAIC are included in the CI 2015. ATK merged with Orbital Sciences Corp. to form Orbital ATK Inc in 2015. ATK is included in this index as the merger was completed after the research period. A full list of companies in the CI 2015 is detailed in Annex 1. Further information on company characteristics is available in Annex 3.

## 5. INDEX OUTPUTS

After assessment finalisation, the outputs of the index are:

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<sup>1</sup> Both the Defence News 2012 and SIPRI 2011 top 100 lists were the latest available lists on 31<sup>st</sup> May 2013, when the country selection exercise was carried out.

<sup>2</sup> SIPRI, Trend Indicator Values of arms exports from the top 100 largest exporters, 2010-2012, Last generated: 17 April 2015, <http://www.sipri.org/databases/armstransfers/background>

- For each company, the percentage of marks awarded in the assessment according to publicly available information, which have been mapped against the following schema to identify a band:

BAND	LOWER %	UPPER %	EVIDENCE LEVEL
A	83.3	100	Extensive evidence
B	66.7	83.2	Good evidence
C	50.0	66.6	Moderate evidence
D	33.3	49.9	Limited evidence
E	16.7	33.2	Very limited evidence
F	0	16.6	Almost no evidence

- For each company, percentage scores for each of the five pillars in the CI typology: leadership, governance and organisation; risk management; company policies and codes; training and personnel; personnel and helplines.
- For each company offering internal information, an additional banding and set of pillar scores according to the evidence offered to TI-UK by the company.
- For each company, an assessment with full justifications for, evidence for, and sources underlying each score. This, where appropriate, explicitly differentiated between the scoring and supporting evidence that was publicly available, and the scoring and supporting evidence taken from internal information.
  - Disclosure of assessments based on publicly available information is a new feature of the CI 2015: they were not included as a part of the CI 2012.
- Where TI-UK received this, a company response to the assessment.
- A qualitative analysis of the results divided by geographical region: Asia Pacific, Europe & Central Asia, Latin America, Middle East & North Africa, North America, and Sub-Saharan Africa.

Presentation of the core results, after extensive analysis, will be presented in hardcopy reports and webtext. Ultimate ownership and responsibility for the outputs rests with TI-UK.

## COMPARABILITY

In response to feedback from the 2012 exercise, the 2015 QMA features more nuanced scoring criteria for fourteen questions, and five questions have been refined. Eight new questions have been added to the questionnaire. A full list of amended questions is available in Annex 6.

By removing the eight new questions, uplifting scores of 1 to 2 for the 14 questions where the scoring had previously been binary, and uplifting scores of 1 to 2 for the reworded five questions, we can identify the maximum impact of these methodological changes: an average increase in score of 7%. This calculation is based on a number of assumptions. In uplifting all scores of 1 to 2 for the 14 questions where the ability to score a 1 has been added, we make the assumption that all companies scoring a 1 in 2015 would score a 2 rather than a 0 if the scoring was binary. In uplifting all scores of 1 to 2 for the five questions where the wording has significantly changed, but there was previously the opportunity to score a 1 in 2012, we make the assumptions that the rewording of those five questions equates to an increase in



score from 1 to 2; and that the rewording of the questions does not affect companies scoring 0. Note that the 2015 methodological changes have not resulted in companies only going down. On the contrary, a number of companies have experienced a positive change of score.

## 6. POTENTIAL SOURCES OF ERROR

Whilst we have done our best to assess companies in the most fair and objective way, there may be a margin of error for each company. We have considered, and sought to address, the following potential sources of error:

### 1. *Accuracy:*

- a. ***Due to an incomplete set of publicly available resources***, meaning that TI-UK were unable to review all information on a company's ethics and anti-corruption programme. All company assessments were reviewed by a second TI-UK team who checked the assessments against what they had found in the public domain. Additionally, all companies were given the opportunity to comment on the draft analysis and guide TI-UK towards additional publicly available information. TI-UK reviewed and discussed bilaterally any additional documents and reassessed assessments accordingly; **and/or**
- b. ***Due to TI-UK misinterpreting publicly available resources***. All companies were given at least one opportunity to comment on TI-UK's draft analysis and to clarify any misinterpretation. Internal consistency checks and external expert peer review also reduced the risk of misinterpretation of evidence and information; **and/or**
- c. ***Due to what was or was not in the public domain***. Companies were invited to provide internal information on their ethics and anti-corruption programmes; 63 companies chose to do this. The remaining 100 companies have been banded based on public information only and their scores may not reflect the total extent of their anti-corruption capabilities; **and/or**
- d. ***Due to companies misunderstanding the requirements underlying the provision of additional internal information***. To be included in the internal information assessment, companies were required to provide original documentation or excerpts of original documentation. The addition of 36 new companies to the 2015 index increased this risk. For this reason, scores based on internal and public information may not reflect the total extent of a company's anti-corruption capabilities; **and/or**
- e. ***Due to an unwillingness to share information with TI-UK due to concerns about confidentiality or commercial sensitivity***. TI-UK undertook to handle all internal information as commercially sensitive and to destroy all source material within a period defined with each company. TI-UK also offered to sign Non-Disclosure Agreements (NDAs) and did so with some of the companies.

## 2. *Imprecision*

The index design was discussed with a broad range of organisations - including defence companies and associations, defence ethics organisations, academics, and research experts - to ensure that the questions are based on technical measures and processes and that they are relevant to the industry. The questionnaire was tested and discussed with industry ethics and compliance practitioners and the 2015 QMA has been reworked in response to feedback from the 2012 index. The results of the index are presented in bands, rather than as a numerical ranking, so as to minimise the issue of error ranges in individual scores.

## 3. *Consistency*

Research for the 2015 CI was conducted independently of evidence provided in 2012. Consistency checks have been built in at each stage of the research process: all initial assessments were reviewed by a second TI-UK team and, once all companies had been scored, consistency checks were carried out on a question-by-question basis. Following external expert peer review of a selection of company assessments, an additional detailed internal review was conducted on each assessment to ensure consistency and fairness.

## 4. *Bias*

The CI was developed in collaboration with a broad range of industry stakeholders, defence ethics organisations, academics, and experts. The company selection criteria have been clearly defined and the assessment questionnaire is based on technical measures and processes, rather than perceptions. We have developed an extensive QMA to reduce the risk of assessor variability, and internal and external peer review at multiple stages throughout the research process further mitigate this risk, whilst also reducing the risk of chronology bias.

## 5. *Possible conflicts of interest*

The assessments have been completed by TI-UK staff, assistants and advisors. We are thus alert to possible conflicts of interests, and also to the same risk in our external peer reviewers. Each has recused themselves when there is a possible conflict of interest with a company. More generally, Transparency International receives support from some of the companies in this index. Although the majority of this support is provided to different national chapters in the TI movement, we have disclosed all possible conflicts of interest.

***General Electric Company is a corporate supporter of the Transparency International Secretariat and member of the TI-Secretariat's Business Principles Steering Committee. The Chairman and Chief Executive Officer of Fluor Corporation, Mr Alan Boekmann, sits on the TI-Secretariat's Business Principles for Countering Bribery: Business Advisory Board. General Electric Company, Bechtel Corporation, Fluor Foundation, Fluor Corporation, Lockheed Martin Corporation, and Raytheon Company are corporate supporters of Transparency International USA. Transparency International UK has worked with Meggitt plc. Other companies covered in this report may also provide support to Transparency International Chapters worldwide. TI-UK and external peer reviewers have recused themselves from reviewing companies to which they have a connection.***

## ANNEX 1: COMPANIES IN THE 2015 INDEX

COMPANY	COUNTRY	REASON FOR ADDITION IF NEW
Air Affairs Limited (AAL)	New Zealand	Ensures firm selection includes significant national arms exporters 2010-2012
AAR Corp	USA	
Abu Dhabi Ship Building	UAE	
Accenture Plc	Ireland	
Advanced Electronics Company Limited	Saudi Arabia	Ensures firm selection includes significant national arms exporters 2010-2012
The Aerospace Corporation	USA	In Defense News 2012 / SIPRI 2011 ' Top 100'
Aerospace Industrial Development Corporation (AIDC)	Taiwan	Ensures firm selection includes significant national arms exporters 2010-2012
Airbus Group	Netherlands	
Alion Science and Technology Corporation	USA	
Alliant Techsystems Inc. (ATK)	USA	
AM General LLC	USA	In Defense News 2012 / SIPRI 2011 ' Top 100'
Antonov	Ukraine	In Defense News 2012 / SIPRI 2011 ' Top 100'
Arab Organization for Industrialization (AOI)	Egypt	
Arsenal JSCompany	Bulgaria	
ASC Pty Ltd	Australia	In Defense News 2012 / SIPRI 2011 ' Top 100'
ASELSAN A.Ş.	Turkey	In Defense News 2012 / SIPRI 2011 ' Top 100'
Aviation Industry Corporation of China (AVIC)	China	
Avibras Indústria Aeroespacial S.A.	Brazil	
Avio S.p.A.	Italy	
Babcock International Group PLC	UK	
BAE Systems Plc	UK	
Ball Aerospace & Technologies Corp.	USA	In Defense News 2012 / SIPRI 2011 ' Top 100'
Battelle Memorial Institute	USA	
Bechtel Corporation	USA	
BelTechExport JSC	Belarus	Ensures firm selection includes significant national arms exporters 2010-2012
Bharat Earth Movers Limited	India	
Bharat Electronics Limited	India	
The Boeing Company	USA	
Booz Allen Hamilton Inc	USA	
Boustead Naval Shipyard Sdn. Bhd.	Malaysia	
CACI International Inc	USA	
CAE Inc.	Canada	In Defense News 2012 / SIPRI 2011 ' Top 100'
CEA Technologies Pty Limited	Australia	
Chemring Group Plc	UK	
China North Industries Group Corporation (NORINCO Group)	China	
China Shipbuilding Industry Corporation	China	
Cobham Plc	UK	
Computer Sciences Corporation (CSC)	USA	
Cubic	USA	
Curtiss-Wright Corporation	USA	
Daewoo Shipbuilding and Marine Engineering Co. Ltd	South Korea	
Damen Schelde Naval Shipbuilding	Netherlands	
Dassault Aviation	France	
Day & Zimmermann	USA	
DCNS	France	
Denel SOC Ltd	South Africa	
Diehl Stiftung & Co. KG	Germany	
Doosan DST Co., Ltd	South Korea	
DynCorp International Inc	USA	
Elbit Systems Ltd	Israel	
Embraer S.A.	Brazil	
Esterline Technologies Corporation	USA	In Defense News 2012 / SIPRI 2011 ' Top 100'
Exelis Inc.	USA	

Fabrica Argentina de aviones "Brig. San Martín" S.A. (FAdeA)	Argentina	Ensures firm selection includes significant national arms exporters 2010-2012
Fincantieri S.p.A.	Italy	
Finmeccanica S.p.A	Italy	
FLIR Systems, Inc.	USA	
Fluor Corporation	USA	
Fujitsu Limited	Japan	
GE Aviation	USA	
GenCorp Inc.	USA	In Defense News 2012 / SIPRI 2011 ' Top 100'
General Atomics	USA	
General Dynamics Corporation	USA	
GKN plc	UK	
Gorky Automobile Plant (GAZ Plant)	Russia	
Harris Corporation	USA	
Heavy Industries Taxila	Pakistan	
Herstal Group	Belgium	Ensures firm selection includes significant national arms exporters 2010-2012
Hewlett-Packard Company	USA	
Hindustan Aeronautics Limited	India	
Hirtenberger Group	Austria	Ensures firm selection includes significant national arms exporters 2010-2012
Honeywell International Inc.	USA	
Huntington Ingalls Industries Inc.	USA	In Defense News 2012 / SIPRI 2011 ' Top 100'
Igman d.d. Konjic	BiH	Ensures firm selection includes significant national arms exporters 2010-2012
Indian Ordnance Factories	India	In Defense News 2012 / SIPRI 2011 ' Top 100'
Indra Sistemas, S.A	Spain	
Iran Electronics Industries	Iran	Ensures firm selection includes significant national arms exporters 2010-2012
Irkut Corporation	Russia	
Israel Aerospace Industries Ltd	Israel	
Israel Military Industries Ltd	Israel	
Itochu Corporation	Japan	Large Japanese Trading House involved in the defence sector
Jacobs Engineering Group Inc.	USA	
Japan Marine United Corporation	Japan	
Joint-stock Company Concern "Almaz-Antey"	Russia	
JSC United Engine Corporation	Russia	
Kawasaki Heavy Industries, Ltd.	Japan	
KBP Instrument Design Bureau JSC	Russia	
KBR, Inc	USA	
Kharkov State Aircraft Manufacturing Company	Ukraine	
King Abdullah II Design and Development Bureau	Jordan	Ensures firm selection includes significant national arms exporters 2010-2012
Kongsberg Gruppen	Norway	
Korea Aerospace Industries, Ltd.	South Korea	In Defense News 2012 / SIPRI 2011 ' Top 100'
Krauss-Maffei Wegmann GmbH & Co. KG	Germany	
L-3 Communications Holdings Inc.	USA	
Leidos, Inc	USA	Formerly part of SAIC
LIG Nex1 Co., Ltd	South Korea	
Lockheed Martin Corporation	USA	
M.C. Dean, Inc	USA	
ManTech International Corporation	USA	
MBDA Missile Systems	France	
Meggitt PLC	UK	
Mission Essential Personnel, LLC	USA	In Defense News 2012 / SIPRI 2011 ' Top 100'
The MITRE Corporation	USA	In Defense News 2012 / SIPRI 2011 ' Top 100'
Mitsubishi Electric Corporation	Japan	
Mitsubishi Heavy Industries, Ltd.	Japan	
Moog Inc.	USA	In Defense News 2012 / SIPRI 2011 ' Top 100'
MTU Aero Engines AG	Germany	
Nammo AS	Norway	
Navantia, S.A.	Spain	
Navistar International Corporation	USA	
NEC Corporation	Japan	
Nexter Group	France	

Northrop Grumman Corporation	USA	
Oshkosh Corporation	USA	
Otokar Otomotiv ve Savunma Sanayi A.Ş	Turkey	
Pakistan Ordnance Factories	Pakistan	
Patria Oyj	Finland	
Polish Defence Holding	Poland	
Poongsan Corporation	South Korea	
Precision Castparts Corp.	USA	In Defense News 2012 / SIPRI 2011 ' Top 100'
PT Dirgantara Indonesia (Indonesian Aerospace)	Indonesia	Ensures firm selection includes significant national arms exporters 2010-2012
QinetiQ Group plc	UK	
Rafael Advanced Defense Systems Ltd	Israel	
Raytheon Company	USA	
Rheinmetall AG	Germany	
Rockwell Collins, Inc.	USA	
Rolls-Royce plc	UK	
RTI Systems	Russia	
RUAG Holding Ltd	Switzerland	
Russian Aircraft Corporation MiG (RSK MiG)	Russia	In Defense News 2012 / SIPRI 2011 ' Top 100'
Russian Helicopters JSC	Russia	
Saab AB	Sweden	
Safran SA	France	
Samsung Techwin (Co., Ltd.)	South Korea	
Sapura Secured Technologies Group	Malaysia	
SATUMA	Pakistan	
Science Applications International Corporation (SAIC)	USA	
Serco Group plc	UK	
Singapore Technologies Engineering Ltd	Singapore	
Societatea Uzina Mecanica Cugir S.A	Romania	Ensures firm selection includes significant national arms exporters 2010-2012
SRA International, Inc	USA	
SRC, Inc	USA	
Sukhoi Company (JSC)	Russia	
Sumitomo Corporation	Japan	Large Japanese Trading House involved in the defence sector
Tactical Missiles Corporation JSC	Russia	
TAI -Turkish Aerospace Industries, Inc	Turkey	In Defense News 2012 / SIPRI 2011 ' Top 100'
Tatra Trucks A.S.	Czech Republic	
Teledyne Technologies Incorporated	USA	
Terma A/S	Denmark	Ensures firm selection includes significant national arms exporters 2010-2012
Textron, Inc.	USA	
Thales Group	France	
ThyssenKrupp AG	Germany	
TOPAZ JVS	Moldova	Ensures firm selection includes significant national arms exporters 2010-2012
Toshiba Corporation	Japan	In Defense News 2012 / SIPRI 2011 ' Top 100'
Triumph Group, Inc.	USA	In Defense News 2012 / SIPRI 2011 ' Top 100'
Ultra Electronics Holdings plc	UK	
United Technologies Corporation (UTC)	USA	
"Research and Production Corporation "UralVagonZavod" OJSC	Russia	In Defense News 2012 / SIPRI 2011 ' Top 100'
URS Corporation	USA	
VSE Corporation	USA	
Wyle	USA	
Zastava Arms	Serbia	Ensures firm selection includes significant national arms exporters 2010-2012
Zodiac Aerospace	France	

## ANNEX 2: QUESTIONNAIRE AND MODEL ANSWERS 2015 (QMA)

Pillar 1: Leadership, Governance and Organisation	
Leadership and Commitment	
A1	<p><b>Does the company publish a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company?</b></p> <p>Guidance Notes: The assessor is looking for evidence of the strength of the company's external commitment to its ethics and anti-corruption agenda through public statements from its leadership as opposed to, for example, internally published, non-public statements.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The CEO / Chairperson has issued at least one statement supporting its strong stance against corruption specifically in the last two years. Alternatively the CEO / Chairperson has made several strong statements that promote the company's anti-corruption and ethics agenda, under which it is clear that anti-corruption is a significant component (as judged by review of the company's ethics and anti-corruption policies).</b></p> <p><b>1: The CEO / Chairperson has issued at least one strong statement that promotes the company's whole anti-corruption and ethics agenda in the last two years, under which it is clear that anti-corruption is a significant component (as judged by review of the company's ethics and anti-corruption policies).</b></p> <p><b>0: There is no apparent support or there only minor statements have been made by the CEO / Chairperson, for example a preface or introduction to the Code of Ethics.</b></p>
A2	<p><b>Does the company's Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company?</b></p> <p>Guidance Notes: The assessor is looking for evidence of the level of personal commitment of the company's leadership to its ethics and anti-corruption agenda through, for example, public speeches and interviews, personal involvement with industry anti-corruption initiatives, etc.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The CEO / chairperson has demonstrated active external engagement in anti-corruption matters on more than one occasion over the last two years.</b></p> <p><b>1: There is evidence of such engagement though this is either delegated or only occasional (i.e. only once in the last two years).</b></p> <p><b>0: There is little to no engagement apparent.</b></p>
A3	<p><b>Does the company's Chief Executive Officer demonstrate a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure?</b></p> <p>Guidance Notes: The assessor is looking for evidence of personal commitment of the company's leadership to ensuring its ethics and anti-corruption agenda is actively promoted throughout the company. Examples may include speaking at training events or other employee gatherings, or chairing a review of anti-corruption programmes.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The CEO shows a personal engagement with management and staff in promoting the ethics and anti-corruption agenda within the company. There has been at least three examples of this over the last two years.</b></p> <p><b>1: The CEO shows a personal engagement with management and staff in promoting the ethics and anti-corruption agenda within the company. However, there has been only one or two examples of this over the last two years.</b></p> <p><b>0: There is little to no engagement apparent.</b></p>
A4	<p><b>Does the company publish a statement of values or principles representing high standards of business conduct, including honesty, trust, transparency, openness, integrity and accountability?</b></p> <p>Guidance Notes: The assessor is looking for evidence of the company's commitment to high standards of business conduct through the publication of a clear statement of such values, beyond that of compliance-based legal statements.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company publishes a statement of values representing high business standards and demonstrates that these are translated into company policies and codes.</b></p> <p><b>1: The company publishes such a statement, but it does not go into sufficient depth by explaining what they mean by such values and why they matter to the organisation.</b></p> <p><b>0: No such statement has been found, or the company frames it using legal jargon for the purpose of compliance.</b></p>
External Engagement	
A5	<p><b>Does the company belong to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption?</b></p> <p>Guidance Notes: The assessor is looking for evidence of membership of national and international initiatives, examples of which include: Defense Industry Initiative (DII), International Forum on Business Ethical Conduct (IFBEC), World Economic Forum Partnering Against Corruption (PACI), International Chamber of Commerce Anti-Corruption Commission, ASD Common Industry Standards (CIS), UN Global Compact, membership of the national Transparency International Chapter, etc.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company is a member of a national or international initiative(s) that clearly promotes anti-corruption.</b></p> <p><b>1: There is evidence of intention to join a national or international initiative(s) that clearly promotes anti-corruption, OR there is membership of a national or international initiative(s) but its focus on anti-corruption is unclear.</b></p> <p><b>0: There is no evidence of membership of an anti-corruption or business ethics initiative.</b></p>
Structure and Organisation	
A6	<p><b>Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the Board holds direct responsibility for the ethics and anti-corruption agenda. This should</p>

	include clear terms of reference on what this responsibility entails. <b>Scoring Criteria:</b> <b>2: The company has appointed a Board committee with overall corporate responsibility for its ethics and anti-corruption agenda. In some companies, the main Board or an individual Board member may have been nominated to this role. This committee or individual has clear terms of reference detailing what this responsibility entails.</b> <b>1: The company has appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda, but there is no evidence of clear terms of reference on what this responsibility entails.</b> <b>0: There is no evidence that the company has appointed such a Board committee or individual member to this role.</b>
A7	Has the company appointed a person at a senior level within the company to have responsibility for implementing the company's ethics and anti-corruption agenda, and who has a direct reporting line to the Board? Guidance Notes: The assessor is looking for evidence of a senior person taking responsibility for implementing the ethics and anti-corruption agenda, rather than this responsibility being delegated to lower management levels of the company. <b>Scoring Criteria:</b> <b>2: A Board or top executive committee has appointed a senior person to be responsible for implementing the ethics and compliance agenda and is identifiable by name.</b> <b>1: A Board or top executive committee has clearly been assigned with this role but no individual has been named.</b> <b>0: There is no evidence that the company has appointed such a senior individual member.</b>
Monitoring and Evaluation	
A8	Is there regular Board level monitoring and review of the performance of the company's ethics and anti-corruption agenda? Guidance Notes: The assessor is looking for evidence of a formal senior review process which addressed the full ethics and anti-corruption agenda and its associated processes, including evidence that such reviews are scheduled to occur regularly, at least on an annual basis. <b>Scoring Criteria:</b> <b>2: There is either a formal Board review of the entire ethics and anti-corruption agenda at least annually, or the company commissions an external review of the same. This may be by the responsible Board sub-committee, e.g. the Audit Committee or Ethics committee, but if so it has to be clearly specified as a major review rather than continuous monitoring.</b> <b>1: There is regular review of some aspects of the programme, for example the Code of Conduct, but not the whole ethics and anti-corruption agenda. Alternatively there is review by the Audit Committee, but the scope for the review is more of a continuous monitoring than a major periodic review. Alternatively still, there is a major review but this is less often than once per annum</b> <b>0: There is no evidence of a major review and only weak evidence of regular monitoring.</b>
A8a	Is there a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and evidence of improvement plans being implemented when issues are identified? Guidance Notes: The assessor is looking for evidence of a formal, clear, written plan in place to guide the Board or senior management review of the ethics and anti-corruption agenda, and evidence of implementation of improvement plans when weaknesses are identified. This could include monitoring indicators such as anti-corruption training uptake, group ethics and compliance activities, employee surveys, and helpline statistics and trends. <b>Scoring Criteria:</b> <b>2: There is a formal, clear, written plan in place that guides Board or senior management review, and evidence that improvement plans—such as monitoring indicators—are put in place when issues are identified.</b> <b>1: There is limited evidence of a plan that guides Board or senior management review, and limited evidence of the implementation of improvement plans.</b> <b>0: There is no evidence of a regular review of the ethics and anti-corruption agenda.</b>
A9	Does the company have a formal process for review and where appropriate update its policies and practices in response to actual or alleged instances of corruption? Guidance Notes: The assessor is looking for evidence that the company has a formal process for the review and update of its ethics and anti-corruption agenda in the event of an actual or alleged instance of corruption. The assessor will look for any examples that can be provided of such review and its outcome. <b>Scoring Criteria:</b> <b>2: The company has a formal process for review and update of company policies in the event of an actual or alleged instance of corruption. There is no evidence of examples indicating exceptions</b> <b>1: The company undertakes such review and update but examples suggest there may be exceptions.</b> <b>0: There is no evidence of such review and update.</b>
Pillar 2: Risk Management	
Risk Assessment	
A9a	Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide? Guidance Notes: The assessor is looking for evidence that such a procedure exists and is documented, and that the company follows this procedure. A corruption risk assessment system could include determining the risks associated with internal procedures, different geographies, business areas, and transactions. The assessor is also looking for evidence the company uses these assessments to mitigate the risks, with clear ownership and timelines, and to improve the anti-corruption programme where appropriate. <b>Scoring Criteria:</b> <b>2: The company has such a formal procedure, and develops mitigation plans to minimise the risk from these areas which involve clear ownership and timelines for implementation. The procedure is clearly applied enterprise-wide.</b> <b>1: The company has such a procedure but this falls short in some regard, with respect, for example, to uncertainty as to how it should be applied, who owns the mitigation plans, and when they must be applied.</b> <b>0: There is no evidence that the company has such a procedure, or the procedure is so weak as to be ineffective.</b>
A10	Does the company have a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied? Guidance Notes: The assessor is looking for evidence that such a procedure exists and is documented, and that the company follows this procedure

	<p>with respect to important business decisions: new acquisitions, new products, and moving into new markets, for example. Not all business decisions will require such an assessment, hence the need to specify the circumstances under which the procedure will be applied.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company has such a formal procedure.</b></p> <p><b>1: The company has such a procedure but this falls short in some regard, with respect, for example, to uncertainty as to how it should be applied or to precisely which business decisions apply.</b></p> <p><b>0: There is no evidence that the company has such a procedure, or the procedure is so weak as to be ineffective.</b></p>
<b>Partners and Agents</b>	
A11	<p><b>Does the company conduct due diligence that minimises corruption risk when selecting or reappointing its agents?</b></p> <p>Guidance Notes: The assessor is looking for evidence that due diligence has been conducted on all its current agents and is conducted as a matter of policy on all new agents. The assessor will also look for evidence that the company has a policy to refresh the due diligence at least every 3 years, and when there is a significant change in the business relationship or the nature of the agency. "Agents" are the agents, advisors or other third party intermediaries authorised to act for or on behalf of the company to further its business interests.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company has formal procedures in place, and refreshes the due diligence at least every 3 years and when there is a significant change in the business relationship.</b></p> <p><b>1: The company has formal procedures but there is no evidence that the company refreshes the due diligence at least every 3 years and / or when there is a significant change in the business relationship.</b></p> <p><b>0: There is no evidence of such a procedure or its provision is so weak as to be ineffective.</b></p>
A12	<p><b>Does the company have contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the company has insight into the agent's activities with regard to the alignment of the intermediary's ethics and anti-corruption agenda with that of its own programme and has in place the contractual rights and formal processes to prevent or deal with the occurrence of any violations, through correction or termination / disclosure to regulatory authorities.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company has formal procedures and contractual rights in place, such as monitoring by the business unit, internal or external audit by an assessor independent of the relevant business unit, and termination of contract if corrupt activities are found.</b></p> <p><b>1: The company has formal procedures and contractual rights in place, but falls short in some way; for example there is no evidence of monitoring.</b></p> <p><b>0: There is no evidence of such a procedure or its provision is so weak as to be ineffective.</b></p>
A13	<p><b>Does the company make clear to contractors, sub-contractors, and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the company passes its ethics and anti-corruption standards down the supply chain and makes clear the consequences of any breaches in its policies on these matters. The assessor will look for any examples that can be provided as to where such a policy has been applied.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company communicates its ethics and anti-corruption agenda down the supply chain, and makes clear its requirement for suppliers to conform to its anti-corruption policies. It ensures contractual rights to apply sanctions in the event of breach of its contract.</b></p> <p><b>1: The company makes clear its ethics and anti-corruption agendas but this falls short in some regard, for example the consequences of non-compliance are not made clear or there is no evidence of contractual rights or sanctions.</b></p> <p><b>0: There is no evidence that company has or applies such policies or contractual terms.</b></p>
<b>Offsets</b>	
A13a	<p><b>Does the company explicitly address the corruption risks associated with offset contracting?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the company has processes for addressing offset contract corruption risks, for example through policies, procedures and contractual terms that increase transparency and accountability in its offset programme. These measures might include incorporating offset contracting into normal business conduct requirements, business ethics practices and into training programmes. The assessor will also look for evidence such procedures are regularly updated. The term "offset contract" here refers to both direct offset and indirect offset arrangements or any other terms to indicate such arrangements (e.g. counter-trade agreements). If there is no evidence that the company enters into offset contracts, or if the company specifically states that it does not enter offset contracts, this question should be scored NA. If the company states that it does not enter offset contracts because it views them as bad practice in a way that links to corruption risk (that they are, for example, secretive, opaque, or overly complex), then this question should be scored 2.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: Offset contracting corruption risk is explicitly addressed in the company's offset policies, procedures and contractual terms. These policies and procedures are reviewed each time a contract is signed, or at least every 24 months.</b></p> <p><b>1: Offset contracting corruption risk is addressed at a general level, but there is little evidence of detailed policies and processes.</b></p> <p><b>0: There is no evidence of offset contracting risk being addressed.</b></p>
A13b	<p><b>Does the company conduct due diligence that minimises corruption risk when selecting its offset partners and offset brokers?</b></p> <p>Guidance Notes: Here "partners" refers both to the customer with whom the offset contract is negotiated and any business partnerships formed in pursuance of the offset contract. "Brokers" refers to agents/intermediaries contracted to arrange offset contracts on the company's behalf. The assessor is looking for evidence that due diligence has been conducted on all its current offsets partners / brokers, and is conducted as a matter of policy on all new offsets partners / brokers. The assessor will also look for evidence that the company has a policy to refresh the due diligence at least every 3 years, or earlier when there is a significant change in the business relationship or</p>



	<p>nature of the partner.</p> <p>If there is no evidence that the company enters into offset contracts, or if the company specifically states that it does not enter offset contracts, this question should be scored NA. If the company states that it does not enter offset contracts because it views them as bad practice in a way that links to corruption risk (that they are, for example, secretive, opaque, or overly complex), then this question should be scored 2.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company has formal procedures in place, and refreshes the due diligence at least every 3 years or earlier when there is a significant change in the business relationship or nature of the partner.</b></p> <p><b>1: The company has formal procedures in place, but there is no evidence that the company refreshes the due diligence at least every 3 years or when there is a significant change in the business relationship or nature of the partner.</b></p> <p><b>0: There is no evidence of such a procedure or its provision is so weak as to be ineffective.</b></p>
<b>Pillar 3: Company Policies and Codes</b>	
Policies	
A15	<p><b>Does the company have an anti-corruption policy that prohibits corruption in its various forms?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the company has a comprehensive anti-corruption policy. This includes the prohibition of both the giving and receiving of bribes. Additionally, the policy should identify corruption in its various forms, such as kickbacks and undue influence as well as bribes. It is noted and accepted that the anti-corruption policy may be situated within a wider company policy or exist as a separate set of policies.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company has a policy that prohibits the giving and receiving of bribes, and is explicit on the various forms corruptions can take.</b></p> <p><b>1: The company has a policy on corruption but is either not a clear statement, is not explicit on all the forms that such corruption might take, or only covers the giving or receiving of bribes – but not both.</b></p> <p><b>0: There is no evidence that the company has an anti-corruption policy, or it is so vague as to be ineffective.</b></p>
A16	<p><b>Is the anti-corruption policy explicitly one of zero tolerance?</b></p> <p>Guidance Notes: The company has an explicit statement contained within its policies that it has a zero tolerance policy of corruption or bribery. This does not include signing up to external organisations such as the Common Industry Standards that may have similar language.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company has an explicit policy of a zero tolerance policy statement of corruption or bribery specifically.</b></p> <p><b>1: The company has a policy of zero tolerance policy of violations of a Code of Ethics or similar, but not of corruption or bribery specifically.</b></p> <p><b>0: There is no evidence that the company has a zero tolerance policy against corruption.</b></p>
A17	<p><b>Is the company's anti-corruption policy easily accessible to Board members, employees, contracted staff and any other organisations acting with or on behalf of the company?</b></p> <p>Guidance Notes: The assessor is looking for evidence of easy availability to any person requiring access. This could include translated into multiple languages (at least the main geographies that the company operates in) and publication of the policy in an intranet or publicly available site.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company's policy is easily available for all employees, contracted staff, and affiliated organisations.</b></p> <p><b>1: The company's policy is not easily available in some way—available in limited languages, or not accessible to contracted staff, for example.</b></p> <p><b>0: There is no evidence that the company has an anti-corruption policy.</b></p>
A17a	<p><b>Is the company's anti-corruption policy easily understandable and clear to Board members, employees and third parties?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the anti-corruption policy is written in clear, understandable terms for all audiences and not couched in dense, legal terms. The policy should be easily understood by a new employee or third party who has not worked in the sector before, and is unfamiliar with the corruption risks. Note that whereas this question refers to ease of <b>understanding</b>, the previous question, A17, refers to ease of <b>access</b>.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The policy is written in accessible, comprehensible language.</b></p> <p><b>1: The company's policy is not easily understandable to employees and third parties; for example, it is not easily understood by a non-legal audience.</b></p> <p><b>0: There is no evidence that the company has an anti-corruption policy.</b></p>
A18	<p><b>Does the anti-corruption policy explicitly apply to all employees and members of the Board?</b></p> <p>Guidance Notes: -</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The policy applies to all employees and members of the Board.</b></p> <p><b>1: The policy applies to all employees, though it is not clear if this includes members of the Board.</b></p> <p><b>0: There is no evidence that the policy applies to all employees.</b></p>
A20	<p><b>Does the company have a policy on potential conflicts of interest, and does it apply to both employees and board members?</b></p> <p>Guidance Notes: A conflict of interest may be the underlying cause of, or might lead to, corrupt behaviours. The assessor is looking for evidence of a clearly worded policy on potential conflicts of interest, including a definition of conflict of interest and where such a policy might apply (ideally illustrated by examples).</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company has a policy for and examples of potential conflicts of interest.</b></p>

	<p><b>1: The company has a policy, but it falls short in some way, such as vague wording or not clearly defining a conflict of interest.</b></p> <p><b>0: There is no evidence that the company has or applies such policies.</b></p>
Gifts and Hospitality	
A21	<p><b>Does the company have a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the giving and receipt of gifts is controlled so as to ensure that such transactions are not corrupt and comply with laws such as the UK Bribery Act and its provisions for FPOs. This might be through setting clear upper limits on the acceptable value of a gift, stating the nature of a gift that cannot be given or received under any circumstances (e.g. cash) and / or the requirement for senior management authorisation if a value threshold is exceeded.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: There is such a policy and the company either sets upper limits for gift exchange or senior authorisation, or publicly declares all gifts so that they can be publicly audited.</b></p> <p><b>1: There is such a policy but it does not set clear upper limits or a specific threshold necessary for senior authorisation.</b></p> <p><b>0: There is no evidence of such a policy.</b></p>
A22	<p><b>Does the company's anti-corruption policy include a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the giving and receipt of hospitality is controlled so as to ensure that such transactions are not corrupt and comply with laws such as the UK Bribery Act. This might be through setting clear upper limits on the acceptable value of hospitality, stating the nature of hospitality that cannot be given or received under any circumstances (e.g. night clubs) and / or the requirement for senior management authorisation if a value threshold is exceeded plus documentation of hospitality given or received.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: There is such a policy and the company either sets upper limits for hospitality exchange or senior authorisation, or publicly declares all hospitality so that it can be publicly audited.</b></p> <p><b>1: There is such a policy but it does not set clear upper limits or a specific threshold necessary for senior authorisation.</b></p> <p><b>0: There is no such evidence of such a policy.</b></p>
Facilitation Payments	
A23	<p><b>Does the company have a policy that explicitly prohibits facilitation payments?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the policy is clear and prohibits facilitation payments excepting where there they are made to protect against a threat of loss of life, limb or liberty (that is, personal danger), and that any such facilitation payments are declared and recorded.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The policy is clear and prohibits facilitation payments. The policy may allow for payments to protect against duress where there is a threat of loss, life, limb, or liberty, and requires that any such payments are declared and recorded. The company provides guidance or supplementary information on how the policy is to be implemented in practice.</b></p> <p><b>1: The policy is clear and prohibits facilitation payments. The policy may allow for payments to protect against duress where there is a threat of loss, life, limb, or liberty, and requires that any such payments are declared and recorded. However, the company provides no guidance or supplementary information on how the policy is to be implemented in practice.</b></p> <p><b>0: No policy regulating facilitation payments exists.</b></p>
Political Contributions	
A24	<p><b>Does the company prohibit political contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent? Does the company record and publicly disclose all political contributions?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the company recognises the corruption risk posed by political contributions, and has a policy that sufficiently regulates such transactions so as to ensure that they are not corrupt. This might be through prohibiting the company from giving political contributions, or, when the company does give donations, authorization is required from individuals with legal expertise in the company with the explicit purpose of preventing undue influence or other corrupt intent. Recipients should be declared and guidelines on the application of the regulations should be clear. It is not sufficient to state that the company complies with relevant laws and regulations.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company prohibits or regulates such contributions to prevent corruption or other undue influence. As part of this, recipients are publicly declared and guidelines on the application of the regulations are clear.</b></p> <p><b>1: The company prohibits or regulates such contributions to prevent corruption or other undue influence. However, recipients are not publicly declared and/or guidelines on the application of the regulations are not provided or are not clear.</b></p> <p><b>0: There is no evidence that such contributions are prohibited or effectively regulated.</b></p>
A25	<p><b>Does the company have a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, and discloses the issues on which the company lobbies?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the company recognises the corruption risk posed by lobbying activities, and has a policy that sufficiently regulates such activity so as to ensure that it is not corrupt. This might be through prohibiting the company from engaging in lobbying activities, or, when the company does engage in lobbying, authorization is required from individuals with legal expertise in the company with the explicit purpose of preventing undue influence or other corrupt intent. Guidelines on the application of the policy should be clear. It is not sufficient to merely state that the company complies with relevant laws and regulations.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: A policy exists that clearly regulates lobbying activity to prevent undue influence or other corrupt intent, and guidelines on its application are clear.</b></p> <p><b>1: A policy exists that clearly regulates lobbying activity to prevent undue influence or other corrupt intent, although guidelines on its applications are not provided or are not clear.</b></p> <p><b>0: No such policy exists.</b></p>
A25a	<p><b>Does the company prohibit charitable contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent?</b></p>

	<p>Guidance Notes: The assessor is looking for evidence that the company recognises the corruption risk that can be posed by charitable contributions, and has a policy that sufficiently regulates such transactions so as to ensure that they are not corrupt. This should include internal controls such as criteria for donations and procedures for approval including counter signatures, checks and balances, and due diligence on potential recipients. Recipients should be declared and the outcomes of donations monitored.</p> <p><b>Scoring Criteria:</b>  <b>2: The company prohibits or regulates such contributions to prevent corruption or other undue influence. As part of this, procedures for donations are clear and recipients are publicly declared.</b>  <b>1: There is no evidence of a procedure to control charitable contributions. Recipients are not publicly declared.</b>  <b>0: There is no evidence that such contributions are prohibited or effectively regulated.</b></p>
<b>Pillar 4: Training</b>	
General Training	
A26	<p><b>Does the company provide written guidance to help Board members and employees understand and implement the firm's ethics and anti-corruption agenda?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the ethics and compliance agenda is fully explained to employees through the use of written guidance. This would be expected to contain examples to illustrate particular situations, for example in the form of scenarios or case studies. The guidance should ensure an unambiguous understanding of the policies in place, with any areas of uncertainty in meaning or application fully explained.</p> <p><b>Scoring Criteria:</b>  <b>2: Employees have access to such written guidance that is both unambiguous and suitably illustrated.</b>  <b>1: Employees have access to written guidance but this falls short in some regard, for example a lack of scenarios or illustration.</b>  <b>0: There is no evidence of such written guidance.</b></p>
A27	<p><b>Does the company have a training programme that explicitly covers anti-corruption?</b></p> <p>Guidance Notes: Anti-corruption training that is focused, and grounded by assessment of where corruption risk is highest, is a crucial part of a company's efforts to promote integrity. Yet often, anti-corruption training is contained within a larger corporate compliance or Code of Ethics training programme. The assessor is looking for evidence that anti-corruption training is either explicitly provided as a separate training programme or is a module that is part of the company's larger ethics training programme.</p> <p><b>Scoring Criteria:</b>  <b>2: The company has an explicit anti-corruption module as part of its ethics and compliance training programme.</b>  <b>1: The company has a training programme on its ethics and compliance systems (which include an anti-corruption policy) but it is not clear if there is a specific anti-corruption training module.</b>  <b>0: There is no evidence such training exists.</b></p>
A28	<p><b>Is anti-corruption training provided in all countries where the company operates or has company sites?</b></p> <p>Guidance Notes: -</p> <p><b>Scoring Criteria:</b>  <b>2: Training is provided in all countries where the company operates or has company sites.</b>  <b>1: Training is provided in the principal countries where the company operates or has company sites.</b>  <b>0: Training is poorly represented across the countries where the company operates or has company sites.</b></p>
Specialist Training	
A29	<p><b>Does the company provide targeted anti-corruption training to members of the Board?</b></p> <p>Guidance Notes: Board members a) have particular governance responsibilities for ethics and compliance and b) may need to know specific aspects of anti-corruption related to their Board roles, e.g. member of the Audit Committee. The assessor is looking for evidence that the company recognises this and provides appropriate anti-corruption training to Board members who are re-trained at least every 3 years.</p> <p><b>Scoring Criteria:</b>  <b>2: The company provides targeted anti-corruption training to members of the Board, who are re-trained at least every 3 years.</b>  <b>1: The company provides targeted anti-corruption training to members of the Board, but they are not re-trained at least every 3 years.</b>  <b>0: There is no evidence of such training.</b></p>
A30	<p><b>Does the company provide tailored ethics and anti-corruption training for employees in sensitive positions?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the company has assessed the training needs of employees in sensitive positions and provides tailored ethics and anti-corruption training. Sensitive positions are those that will expose an employee to potentially corrupt situations at a greater frequency than other staff and / or to more specific forms of corruption. Functions that have high risk can include marketing, government relations, contracting, in-country project management, sales, etc.</p> <p><b>Scoring Criteria:</b>  <b>2: The company tailors its ethics and anti-corruption training programme for employees facing different levels of risk.</b>  <b>1: The company has a varied ethics and anti-corruption training programme but this is either not comprehensive or not targeted at all high risk positions.</b>  <b>0: There is no evidence of such training being delivered.</b></p>
<b>Pillar 5: Personnel and Helplines</b>	
Personnel and Discipline	
A31	<p><b>Does the company have a clear and formal process by which employees declare conflicts of interest?</b></p> <p>Guidance Notes: The assessor is looking for evidence of a formal process. The conflict should be declared to an independent department such as Legal, HR or specific Conflict of Interest office. If conflicts are reported only to managers, the declaration should be formal and in writing. A</p>

	<p>policy to talk to the employee's manager but no evidence of how the conflict is recorded and resolved is not sufficient.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company has a clear and formal process for employees to declare conflicts of interest, which involves conflicts being reported to an independent department.</b></p> <p><b>1: The company has a clear and formal process for employees to declare conflicts of interest, but this is to managers, albeit formally and in writing.</b></p> <p><b>0: No effective process exists or employees are only directed to inform their managers verbally of any potential conflicts.</b></p>
A32	<p><b>Is the company explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the company has an explicit policy that states it will apply disciplinary procedures to employees, Directors and Board members that may have engaged in corruption activities. Since the anti-corruption policy could be housed within a wider Code of Ethics, the company could state that employees found to violate this code will face disciplinary procedures.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company clearly states that it will apply disciplinary procedures to employees who have violated its anti-corruption policy.</b></p> <p><b>1: The company may have a policy to apply disciplinary procedures to violations of a broader Code of Ethics or equivalent, but it is not explicitly stated that corruption cases fall under this policy.</b></p> <p><b>0: There is no such explicit commitment.</b></p>
Helplines and Whistleblowers	
A33	<p><b>Does the company have multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity?</b></p> <p>Guidance Notes: The assessor is looking for evidence that the company provides multiple different channels for employees to report instances of suspected corrupt activity, and clear and appropriate reporting lines. This includes both internal and external, independent channels. Additionally, a good approach to reporting channels also allows for some anonymous outlets, perhaps online or through a hotline, including the ability for two-way confidential or anonymous communication between the whistleblower and the company. Reporting to a General Counsel or line manager is often not effective as employees may not feel comfortable speaking up to these individuals.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: The company has multiple internal and independent channels to report instances of suspected corrupt activity that are well publicised and allow for anonymity.</b></p> <p><b>1: The company has some channels to report but falls short in some way by, for example, not publicising these channels well, or having no independent sources to report to, or not allowing for anonymity.</b></p> <p><b>0: The company provides no such channels, or only limited channels of reporting to the General Counsel or line manager.</b></p>
A33a	<p><b>Are the whistleblowing channels available to all employees in all geographies?</b></p> <p>Guidance Notes: The assessor is looking for evidence that employees from all geographies have access to multiple channels to report corruption.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: Across geographies, all employees have access to more than one reporting channel.</b></p> <p><b>1: Across geographies, all employees have access to at least one reporting channel, but for some employees, it is only this one channel.</b></p> <p><b>0: Across geographies, some employees do not have access to any reporting channels.</b></p>
A33b	<p><b>Does the company have formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, and that whistleblowers are treated supportively?</b></p> <p>Guidance Notes: A whistleblower is defined here as an employee who reports misconduct in a company internally or externally, before, during, or after the event. The assessor is looking for evidence of mechanisms that reduce or eliminate the fear to report concerns, through serious, visible, credible efforts to ensure that employees are comfortable doing so. This may include monitoring of whistleblowing channel usage statistics, independent employee surveys, and follow up with the whistleblower after serious incidents have been reported and investigated.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: There is evidence of a range of practices to ensure whistleblowing is encouraged and not penalised.</b></p> <p><b>1: There is evidence of some efforts to ensure whistleblowing is not deterred, but there is little evidence of detailed analysis of whistleblowing data or independent employee surveys.</b></p> <p><b>0: There is no evidence of efforts to ensure that whistleblowing is not deterred, or there has been evidence of employees being treated unsympathetically after blowing the whistle.</b></p>
A34	<p><b>Does the company have well-publicised resources available to all employees where help and advice can be sought on corruption-related issues?</b></p> <p>Guidance Notes: The assessor is looking for evidence of such resources, for example in the form of trained managers, trained ethics officers, telephone helplines, an external ombudsman (subject to attorney-client privilege), etc.</p> <p><b>Scoring Criteria:</b></p> <p><b>2: Employees have access to resources such as trained managers, advisors, helplines, or an external ombudsman (subject to attorney-client privilege), to provide them with guidance on the anti-corruption policy.</b></p> <p><b>1: Employees have access to resources but these resources are very limited in nature, e.g. a policy to talk to one's supervisor but no evidence that he or she is trained for the advisory job.</b></p> <p><b>0: There is no evidence of such resources.</b></p>
A35	<p><b>Is there a commitment to non-retaliation for bona fide reporting of corruption?</b></p> <p>Guidance Notes: The assessor is looking for evidence that commitment to non-retaliation for bona fide reporting of corruption is clearly stated and that employees who breach this commitment will be disciplined.</p> <p><b>Scoring Criteria:</b></p>

	<p><b>2: The company has a clear, legally enforceable, non-retaliation policy for bona fide reporting of corruption, and there is evidence that disciplinary measures are applied to employees who breach this policy.</b></p> <p><b>1: The company has a clear, legally enforceable, non-retaliation policy for bona fide reporting of corruption, but there is no evidence that disciplinary measures are applied to employees who breach this policy.</b></p> <p><b>0: No such policy exists.</b></p>
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## ANNEX 3: COMPANY CHARACTERISTICS

REGION	NUMBER OF COMPANIES	
	PUBLICLY LISTED	NOT PUBLICLY LISTED
Asia Pacific	18	15
Europe & Central Asia <i>*No data found for Topaz JVS</i>	30	*32
Latin America	1	2
Middle East & North Africa	2	6
North America	41	14
Sub-Saharan Africa	0	1

PROPORTION OF REVENUE FROM DEFENCE, 2013 <sup>3</sup>	COMPANIES IN DEFENSE NEWS TOP 100 FOR 2014
100.00%	DCNS Nexter Group Krauss-Maffei Wegmann Elbit Systems Rafael Advanced Defense Systems Israel Military Industries RSK MiG Almaz-Antey LIG Nex1 Mission Essential
90.00% - 99.99%	GenCorp Aselsan Hindustan Aeronautics ManTech Chemring BAE Systems Raytheon Huntington Ingalls Industries Alion Science and Technology Patria
80.00% - 89.99%	Lockheed Martin Nammo Turkish Aerospace Industries Bharat Electronics Limited Exelis Inc. L-3 Communications Saab Russian Helicopters
70.00% - 79.99%	Northrop Grumman Sukhoi Ball Aerospace & Technologies Corp. DynCorp International Korea Aerospace Industries Wyle CACI Israel Aerospace Industries Irkut Corporation Booz Allen Hamilton Leidos SAIC
60.00% - 69.99%	Cobham QinetiQ

<sup>3</sup> **Defense News** (2014), <http://special.defensenews.com/top-100/#top100s>. Accessed 19/01/2015

	Cubic General Dynamics
50.00% - 59.99%	Babcock Ultra Electronics Thales United Engine Corporation ATK Rockwell Collins
40.00% - 49.99%	Finmeccanica Kongsberg Harris Corporation Rheinmetall RUAG FLIR Systems
30.00% - 39.99%	Oshkosh AAR CAE RTI Systems ST Engineering Meggitt Boeing Samsung Techwin Textron Moog Dassault Aviation Curtiss-Wright Corporation
20.00% - 29.99%	Fincantieri GKN Serco Group URS Rolls-Royce Day & Zimmermann Airbus Group Safran
10.00% - 19.99%	Embraer United Technologies CSC Diehl Stiftung Indra Honeywell Battelle
0.01% - 9.99%	Mitsubishi Heavy Industries Fluor Corporation Kawasaki Heavy Industries Bechtel Navistar Jacobs Engineering Hewlett-Packard Accenture GE Aviation Mitsubishi Electric NEC Corporation

TOTAL REVENUE, 2013 USD MILLION <sup>4</sup>	COMPANIES IN DEFENSE NEWS TOP 100 FOR 2014
100,000+	GE Aviation Hewlett-Packard
50,000-99,999	Boeing Airbus Group United Technologies
10,000-49,999	Lockheed Martin Mitsubishi Electric

<sup>4</sup> **Defense News** (2014), <http://special.defensenews.com/top-100/#top100s>. Accessed 19/01/2015

	<p>Bechtel Honeywell Mitsubishi Heavy Industries NEC Corporation General Dynamics BAE Systems Accenture Fluor Corporation Rolls-Royce Northrop Grumman Raytheon Finmeccanica Safran Thales Kawasaki Heavy Industries CSC L-3 Communications Textron Jacobs Engineering URS Navistar</p>
5,000-9,999	<p>Serco Group Almaz-Antey Oshkosh Huntington Ingalls Industries Rheinmetall Dassault Aviation Babcock Embraer Leidos Booz Allen Hamilton Battelle ST Engineering Fincantieri Harris Corporation</p>
1,000-4,999	<p>United Engine Corporation Exelis Inc. ATK Rockwell Collins DCNS Russian Helicopters SAIC Indra Diehl Stiftung CACI GKN Saab Israel Aerospace Industries DynCorp International Cobham Elbit Systems Sukhoi Meggitt Kongsberg Samsung Techwin Moog Hindustan Aeronautics Curtiss-Wright Corporation ManTech Day &amp; Zimmermann RTI Systems AAR Rafael Advanced Defense Systems CAE QinetiQ Irkut Corporation</p>



	Korea Aerospace Industries RUAG FLIR Systems GenCorp Cubic Ultra Electronics Patria Krauss-Maffei Wegmann LIG Nex1 Nexter Group Aselsan Chemring Bharat Electronics Limited
500-999	RSK MiG Turkish Aerospace Industries Wyle Ball Aerospace & Technologies Corp. Alion Science and Technology Nammo Israel Military Industries
0-499	Mission Essential

The following table details the countries in which companies are based.

COUNTRY	# IN CI 2015	# IN CI 2012	CHANGE
US	54	44	+10
Russia	11	9	+2
UK	10	10	0
Japan	9	6	+3
France	7	7	0
South Korea	6	5	+1
Germany	5	6	-1
Israel	4	4	0
India	4	3	+1
China	3	3	0
Italy	3	3	0
Pakistan	3	3	0
Turkey	3	2	+1
Australia	2	0	+2
Brazil	2	2	0
Malaysia	2	2	0
Netherlands	2	2	0
Norway	2	2	0
Spain	2	2	0
Ukraine	2	2	0
Argentina	1	0	+1
Austria	1	0	+1
Belarus	1	0	+1
Belgium	1	0	+1
Bosnia and Herzegovina	1	0	+1
Bulgaria	1	1	0
Canada	1	1	0
Czech Republic	1	1	0
Denmark	1	0	+1
Egypt	1	1	0
Finland	1	1	0
Indonesia	1	0	+1
Iran	1	0	+1
Ireland	1	1	0
Jordan	1	0	+1
Moldova	1	0	+1
New Zealand	1	0	+1
Poland	1	1	0
Romania	1	0	+1
Saudi Arabia	1	0	+1
Serbia	1	0	+1

Singapore	1	1	0
South Africa	1	1	0
Sweden	1	1	0
Switzerland	1	1	0
Taiwan	1	0	+1
UAE	1	1	0

## ANNEX 4: QUESTIONNAIRE AMENDMENTS 2015

This table compares the numbers of questions within each of the typology sections between the CI 2012 and the CI 2015, and details the relative weighting of the pillars of the typology.

TYPOLOGY RISK AREA	2012		2015			COMMENTS
	NO. OF QS	%	NO. OF QS	NO. OF QS	%	
Leadership, Governance, & Org.	9	26%	10	24%	↓	Relative decrease driven by additional focus on offsets and whistle-blowing in other pillars.
Leadership & Commitment	4		4			
External Engagement	1		1			
Structure & Organisation	2		2			
Monitoring & Evaluation	2		3			Additional q. on plan guiding review.
Risk Management	4	12%	7	17%	↑	Relative increase driven by additional focus on offsets.
Risk Assessment	1		2			Q.s divided into risk assessment a) enterprise-wide b) when making business decisions.
Partners & Agents	3		3			
Offsets	0		2			Additional questions.
Company Policies & Codes	11	32%	12	29%	↓	Relative decrease driven by additional focus on offsets and whistle-blowing in other pillars.
Policies	6		6			No net change, though breadth of application of policy questions folded into one another, and additional question on clarity of a-c policy.
Gifts & Hospitality	2		2			
Facilitation Payments	1		1			
Political Contributions	2		3			Additional question on charitable contributions.
Training	5	15%	5	12%	↓	Relative decrease driven by additional focus on offsets and whistle-blowing in other pillars.
General Training	3		3			
Specialist Training	2		2			
Personnel & Helplines	5	15%	7	17%	↑	Relative increase driven by additional focus on whistleblowing.
Personnel & Discipline	2		2			
Helplines & Whistleblowers	3		5			Additional questions on whistleblowing.
TOTALS:	34	100%	41	100%		

This table details the modifications made to the 2012 question set for the 2015 index.

<b>PILLAR 1: LEADERSHIP, GOVERNANCE, AND ORGANISATION</b>		
A1	Leadership statement	Minor edits. Added timing element to model answers. Added model answer 1 through more nuance.
A2	Leadership external-facing	Minor edits. Added timing element to model answers.
A3	Leadership internal-facing	Minor edits. Added timing element to model answers. Added model answer 1 through more nuance.
A4	Statement of values	Minor edits.
A5	Member of initiative	Minor edits. Added model answer 1 through more nuance.
A6	Board resp. for a-c	Minor edits. Added model answer 1 through more nuance.
A7	SM resp. for a-c implem.	Minor edits. Added model answer 1 through more nuance.
A8	Regular a-c review	Made expected timing between reviews more specific. Additional focus on Board-level monitoring and review
A9	Review post-scandal	Minor edits. Removal of assumption corruption experienced. Model answers require firmer evidence.
<b>PILLAR 2: RISK MANAGEMENT</b>		
A10	Risk assess bus. decisions	Minor edits.
A11	Due diligence – agents	Minor edits. Added model answer 1 through timing element.
A12	Control of agents	Minor edits.
A13	Flag a-c to supply chain	Minor edits.
A14	Removed from the index	
<b>PILLAR 3: COMPANY POLICIES AND CODES</b>		
A15	Policy published	Minor edits.
A16	Zero tolerance policy	Added model answer 1 through more nuance.
A17	Policy accessible	Made more focused to specifically tap accessibility. Circularity removed.
A18	Policy applies all emp's	Edited to encompass A19. Additional focus on the Board. Circularity removed.
A19	Removed from the index and collapsed into A18	
A20	Policy on conflicts of interest	Minor edits.
A21	Policy covers gifts	Minor edits.
A22	Policy covers hospitality	Minor edits.
A23	Policy covers fac. payments	Edits to question and model answers to make more precise.
A24	Political contrib's controlled	Minor edits. Added model answer 1 through more nuance.
A25	Policy on lobbying	Minor edits. Added model answer 1 through more nuance.
<b>PILLAR 4: TRAINING</b>		
A26	Written guidance to emp's	Minor edits.
A27	Training covers a-c	Minor edits.
A28	A-c training across countries	Minor edits.
A29	A-c training: leadership	Minor edits. Added model answer 1 through timing element. Additional focus on the Board
A30	A-c training: sensitive posts	Minor edits.
<b>PILLAR 5: PERSONNEL AND HELPLINES</b>		
A31	Conflict of interest decl.	Added model answer 1 through more nuance.
A32	Disciplinary measures	Added guidance and model answer 1 through more nuance.
A33	Well-publicised w-b channels	Minor edits. Added model answer 1 through more nuance.
A34	Advice for emp's on a-c	Minor edits.
A35	Non-retaliation	Minor edits. Added model answer 1 through more nuance.

## ANNEX 5: SUMMARY OF THE 2015 QUESTION SET

PILLAR	TOPIC	#	QUESTION FOCUS
PILLAR 1: LEADERSHIP, GOVERNANCE, AND ORGANISATION	Leadership and Commitment	A1	Leadership statement
		A2	Leadership external-facing commitment to a-c
		A3	Leadership internal-facing commitment to a-c
		A4	Publish statement of values
	External Engagement	A5	Member of a-c initiative
	Structure and Organisation	A6	Board has corporate responsibility for a-c
		A7	Senior employee responsible for a-c implementation
	Monitoring and Evaluation	A8	Regular a-c programme review by Board
		A8(a)	Plan guides review of a-c programme
A9		Review of a-c programme post-scandal	
PILLAR 2: RISK MANAGEMENT	Risk Assessment	A9(a)	Enterprise-wide a-c risk assessment
		A10	Risk assessment procedure for business decisions
	Partners and Agents	A11	Due diligence when selecting agents
		A12	A-c monitoring and controls of agents
		A13	Company flags a-c concerns to supply chain
	Offsets	A13(a)	Corruption risks addressed in offsets contracts
A13(b)		Due diligence on offsets partners and brokers	
PILLAR 3: COMPANY POLICIES AND CODES	Policies	A15	A-c policy published that covers all forms of corruption
		A16	A-c policy one of zero tolerance
		A17	A-c policy accessible to employees and contractors
		A17(a)	A-c policy understandable and clear
		A18	A-c policy applies to all employees and the leadership
		A20	Policy exists covering conflicts of interest
	Gifts and Hospitality	A21	A-c policy covers gifts
		A22	A-c policy covers hospitality
	Facilitation Payments	A23	Policy exists covering facilitation payments
	Political Contributions	A24	Political contributions controlled
		A25	Policy exists covering lobbying
A25(a)		Charitable contributions controlled	
PILLAR 4: TRAINING	General Training	A26	Written guidance to employees on compliance
		A27	Training programme covers a-c
		A28	A-c training across countries in which company operates
	Specialist Training	A29	Targeted a-c training to members of the Board
		A30	Special a-c training for employees in sensitive positions
PILLAR 5: PERSONNEL AND HELPLINES	Personnel and Discipline	A31	Processes for conflict of interest declaration
		A32	Disciplinary measures applied to corrupt personnel
	Helplines and Whistleblowers	A33	Well-publicised channels for whistleblowing
		A33(a)	Whistleblowing channels available across geographies
		A33(b)	Whistleblowing not deterred; whistleblowers supported
		A34	Advice available to employees on corruption issues
		A35	Commitment to non-retaliation against whistleblowers

Questions with a letter following the number are the new questions added to the 2012 question set.

## ANNEX 6: QUESTIONS AFFECTED BY THE 2015 METHODOLOGICAL CHANGES

### NEW QUESTIONS

A8a: Is there a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and evidence of improvement plans being implemented when issues are identified?

A9a: Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide?

A13a: Does the company explicitly address the corruption risks associated with offset contracting?

A13b: Does the company conduct due diligence that minimises corruption risk when selecting its offset partners and offset brokers?

A17a: Is the company's anti-corruption policy easily understandable and clear to Board members, employees and third parties?

A25a: Does the company prohibit charitable contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent?

A33a: Are the whistleblowing channels available to all employees in all geographies?

A33b: Does the company have formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, and that whistleblowers are treated supportively?

### QUESTIONS WHERE THE ABILITY TO SCORE A 1 WAS ADDED

A1: Does the company publish a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company?

A3: Does the company's Chief Executive Officer demonstrate a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure?

A5: Does the company belong to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption?

A6: Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?

A7: Has the company appointed a person at a senior level within the company to have responsibility for implementing the company's ethics and anti-corruption agenda, and who has a direct reporting line to the Board?

A11: Does the company conduct due diligence that minimises corruption risk when selecting or reappointing its agents?

A16: Is the anti-corruption policy explicitly one of zero tolerance?

A24: Does the company prohibit political contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent? Does the company record and publicly disclose all political contributions?

A25: Does the company have a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, and discloses the issues on which the company lobbies?

A29: Does the company provide targeted anti-corruption training to members of the Board?

A31: Does the company have a clear and formal process by which employees declare conflicts of interest?

A32: Is the company explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities?

A33: Does the company have multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity?

A35: Is there a commitment to non-retaliation for bona fide reporting of corruption?

## QUESTIONS WHERE THE WORDING HAS APPRECIABLY CHANGED

A2: Does the company's Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company?

A8: Is there regular Board level monitoring and review of the performance of the company's ethics and anti-corruption agenda?

A17: Is the company's anti-corruption policy easily accessible to Board members, employees, contracted staff and any other organisations acting with or on behalf of the company?

A18: Does the anti-corruption policy explicitly apply to all employees and members of the Board?

A23: Does the company have a policy that explicitly prohibits facilitation payments?