The following pages contain the detailed scoring for your company based on public information.

The following table represents a summary of your scores:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of questions</th>
<th>% score based on public information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership, Governance and Organisation</td>
<td>10</td>
<td>5%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>Company Policy and Codes</td>
<td>12</td>
<td>12.5%</td>
</tr>
<tr>
<td>Training</td>
<td>5</td>
<td>0%</td>
</tr>
<tr>
<td>Personnel and Helplines</td>
<td>7</td>
<td>14.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39</strong></td>
<td><strong>9%</strong></td>
</tr>
</tbody>
</table>

TI has found no evidence that the company is involved in offsets and has therefore removed the two relevant questions (A13a and A13b).
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?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company publishes a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company.

References:
Public:
NA
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?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the 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.

References:

Public:
NA
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?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company’s Chief Executive Officer demonstrates 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.

References:

Public:
NA
A4:

Does the company publish a statement of values or principles representing high standards of business conduct, including honesty, trust, transparency, openness, integrity and accountability?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company publishes a statement of values or principles representing high standards of business conduct, including honesty, trust, transparency, openness, integrity and accountability. TI notes that the company refers to principles which do not include those sought in this question.

References:

Public:
TI notes:
Company Policy for Prevention and Disclosure of Conflict of Interest and Corruption:
‘The activity of Arsenal JSCo. is accomplished observing the principles of:
• Initiative;
• Good management;
• Observance of all relevant national and international legislation;
• Correctness;
• Social engagement;
• Observance of all universally accepted trade, professional and ethical codes;
• Prevention and disclosure of conflict of interest and corruption.
Observance of the above principles of conduct is an irreversible part of the vision for development of Arsenal JSCo. and a key factor for the reputation and good name of the Company among its customers, business partners, civil and national institutions.
In pursuance of these principles Arsenal JSCo. states in public and adopts a general company policy for prevention and disclosure of conflict of interest and corruption.’
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?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company belongs to a national or international initiative that promotes anti-corruption, or business ethics with a significant focus on anti-corruption. TI notes that the company belongs to the Bulgarian Defense Industry Association, which is a member of ASD. However, there is no evidence that this results in the company adopting the ASD Common Industry Standards.

References:
Public:
TI notes:

ASD website: ASD Members
‘BDIA - Bulgarian Defence Industry Association’
http://www.asd-europe.org/about-us/structure/asd-members/
A6:
**Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?**

**Score:**

1

**Comments:**
Based on public information, there is some evidence that the company has appointed an Ethics committee that has some responsibility over the Company’s anti-corruption policy. However, there is no evidence detailing what this responsibility entails or the regularity of meetings. The company therefore scores 1.

**References:**

Public:
Company Website, ETHICS COMMITTEE & BOARD OF DIRECTORS OF ARSENAL JSCO:
‘On its board meeting at 7th October, 2014 the Board of Directors of ARSENAL JSCo. updated the Company Policy for Prevention and Disclosure of Conflict of Interest and Corruption, and rendered the following decisions:

In implementation of the Company Policy for Prevention and Disclosure of Conflict of Interest and Corruption, the Board of Directors has elected an Ethics Committee with the following members:
CHAIRMAN: Yanko Kostadinov - Chairman of the Board of Directors;

MEMBERS:
Dobrin Dragnev - Member of the Board of Directors;
Stefan Stoev - Head of Internal Financial Control Dept.
Vasil Vasilev - Head of Security Department
Penko Totev - Head of Staff Department

On the Company web-site www.arsenal-bg.com a postal address, hotline number and an e-mail address shall be published, for sending warnings/signal reports to the Ethics Committee.
A file shall be opened for each received warning/report, and within seven working days from its receipt a report to the Board of Directors shall be prepared. The Board of Directors shall review the introduced report within thirty days from its entry. In case of detected conflict of interest or corruption, the operating management shall be immediately notified in order to take relevant measures.

Board of Directors of ARSENAL JSCo.:

Yanko Kostadinov
Nikolay Ibushev
Stanil Stanilov
Hristo Ibouchev
Dobrin Dragnev

http://arsenal-bg.com/Anticorruption.htm
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?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda.

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

Score:

0

Comments:
Based on public information, there is no readily available evidence that there is regular Board level monitoring and review of the performance of the company’s ethics and anti-corruption agenda.

References:

Public: NA
A8(a):
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?

Score:

0

Comments:
Based on public information, there is no readily available evidence that there is 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, or evidence of improvement plans being implemented when issues are identified.

References:
Public:
NA
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?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has a formal process for review and where appropriate updates its policies and practices in response to actual or alleged instances of corruption.

References:
Public:
NA
A9(a):
Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide?

Score:

1

Comments:
Based on public information, there is limited evidence that the company has a formal anti-corruption risk assessment procedure implemented enterprise-wide. However, there is no evidence of the implementation of mitigation plans. The company therefore scores 1.

References:
Public:
Company Policy for Prevention and Disclosure of Conflict of Interest and Corruption:

- ‘Regular analysis of the risk of corruption and conflict of interest’.
- ‘Uninterrupted monitoring for identification and termination of detected corruption practices or behaviour carrying high risk of corruption and conflict of interest’.

‘The policy is implemented via a set of normative, organizational and individually oriented measures, including providing information to the partners and the employees of Arsenal JSCo. The normative measures include the introduction of this policy, the risk analysis and the adoption of internal deeds and instructions.’

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?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has 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.

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

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting or reappointing its agents.

References:
Public:
NA
A12: Does the company have contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption?

Score: 0

Comments: Based on public information, there is no readily available evidence that the company has contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption.

References:
Public: NA
A13:
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?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company makes clear to contractors, sub-contractors and suppliers its stance on bribery and corruption and the consequences of breaches to this stance.

References:
Public:
NA
A13(a):
Does the company explicitly address the corruption risks associated with offset contracting?

Score:
NA

Comments:
Based on public information, there is no readily available evidence that the company engages in offset contracting.

References:
NA
A13(b):
Does the company conduct due diligence that minimises corruption risk when selecting its offset partners and offset brokers?

Score:

NA

Comments:
Based on public information, there is no readily available evidence that the company engages in offset contracting.

References:
NA
A15:
Does the company have an anti-corruption policy that prohibits corruption in its various forms?

Score:

1

Comments:
Based on public information, there is limited evidence that the company has an anti-corruption policy. However, the policy is not a clear statement and is not explicit on all the forms that such corruption may take. The company therefore scores 1.

References:
Public:
Company Policy for Prevention and Disclosure of Conflict of Interest and Corruption:
‘The activity of Arsenal JSCo. is accomplished observing the principles of:
• Initiative;
• Good management;
• Observance of all relevant national and international legislation;
• Correctness;
• Social engagement;
• Observance of all universally accepted trade, professional and ethical codes;
• Prevention and disclosure of conflict of interest and corruption.
Observance of the above principles of conduct is an irreversible part of the vision for development of Arsenal JSCo. and a key factor for the reputation and good name of the Company among its customers, business partners, civil and national institutions.
In pursuance of these principles Arsenal JSCo. states in public and adopts a general company policy for prevention and disclosure of conflict of interest and corruption.’

‘Risk of acts of corruption and conflict of interest
The Board of Directors of Arsenal JSCo. take the view that the conflict of interest and corruption reduce the effectiveness of the economy and degrade the quality of the manufactured products.’

‘Basis of the policy for prevention and disclosure of conflict of interest and corruption
Corruption can take the form of offering, promising and granting of financial benefits (active corruption), as well as be concealed by camouflage as intercession, pressure and extortion (passive corruption). In all its forms and manifestations, corruption violates the market
competition, it is a crime and as such it has to be unequivocally condemned.‘

‘The managing bodies, officials in leadership and administrative positions in Arsenal JSCo., or those acting on their behalf, undertake the obligation to refrain, under any circumstances, from any forms of direct or indirect corruption in the activity of Arsenal JSCo., as well as in the companies controlled by Arsenal JSCo., its joint ventures, agents and subcontractors.

The officials of Arsenal JSCo. take all necessary measures to avoid conflict of interest, refuse financial or other benefits, offered unlawfully, directly or indirectly, by or to, individuals or entities outside the company.’

‘Determined and effective opposition against any act of corruption and conflict of interest’

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

Score: 0

Comments: Based on public information, there is no readily available evidence of a zero-tolerance anti-corruption policy.

References:
Public: NA
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?

Score:

1

Comments:
Based on public information, there is limited evidence that the company’s anti-corruption policy is easily accessible. It is available only in English, while the Company operates only in Bulgaria. The company therefore scores 1.

References:
Public:
Company Policy for Prevention of Conflicts of Interest and Corruption:
A17(a):
Is the company’s anti-corruption policy easily understandable and clear to Board members, employees and third parties?

Score: 0

Comments:
Based on public information, there is no readily available evidence that the company’s anti-corruption policy is easily understandable to Board members, employees and third parties. It does not provide a comprehensive overview of the Company’s stance on anti-corruption and applicable employee regulations.

References:
Public:
TI notes:
Company Policy for Prevention of Conflicts of Interest and Corruption:
A18:
Does the anti-corruption policy explicitly apply to all employees and members of the Board?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company’s anti-corruption policy explicitly applies to all employees and members of the Board.

References:
Public:
NA
A20:

Does the company have a policy on potential conflicts of interest, and does it apply to both employees and board members?

Score:

1

Comments:

Based on public information, there is evidence that the company has a policy on potential conflicts of interest. However, the wording remains vague, and the policy does not provide either a definition or examples. The company therefore scores 1.

References:

Public:
Company Policy for Prevention of Conflicts of Interest and Corruption:
‘The officials of Arsenal JSCo. take all necessary measures to avoid conflict of interest, refuse financial or other benefits, offered unlawfully, directly or indirectly, by or to, individuals or entities outside the company.’
A21:

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?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery.

References:

Public:
NA
A22:
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?

Score:

0

Comments:
Based on public information, there is no readily available evidence of a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery.

References:
Public:
NA
A23:

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

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a policy that explicitly prohibits facilitation payments.

References:

Public:
NA
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?

Score:
0

Comments:

Based on public information, there is no readily available evidence that the company prohibits political contributions, or regulates such contributions in order to prevent undue influence or other corrupt intent.

References:

Public:
NA
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?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, or discloses the issues on which the company lobbies.

References:

Public:
NA
A25(a):

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

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company prohibits charitable contributions, or regulates such contributions in order to prevent undue influence or other corrupt intent.

References:

Public:
NA
A26:
Does the company provide written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company provides written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda.

References:
Public:
NA
A27: Does the company have a training programme that explicitly covers anti-corruption?

Score: 0

Comments: Based on public information, there is no readily available evidence that the company has a training programme that explicitly covers anti-corruption.

References:
- Public: NA
A28: Is anti-corruption training provided in all countries where the company operates or has company sites?

Score: 0

Comments: Based on public information, there is no readily available evidence that anti-corruption training is provided in all countries where the company operates or has company sites.

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

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company provides targeted anti-corruption training to members of the Board.

References:
Public:
NA
A30:
Does the company provide tailored ethics and anti-corruption training for employees in sensitive positions?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company provides tailored ethics and anti-corruption training for employees in sensitive positions.

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

Score:
0

Comments: Based on public information, there is no readily available evidence that the company has a clear and formal process by which employees declare conflicts of interest.

References:
Public: NA
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?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company is explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities.

References:
Public:
NA
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?

Score:

1

Comments:
Based on public information, there is evidence that employees can report concerns or instances of suspected corrupt activity to the Ethics Committee. However, there is no evidence that the company allows anonymous reporting or offers an independent reporting channel. Therefore the company scores 1.

References:
Public:
Company Website, REPORTING IRREGULARITIES:
‘In implementation of decision of the Board of Directors and for the purpose of increasing the possibility to report/signal for conflict of interest and corruption, the following manners can be used for submitting the signals/reports:
By post – to address:
Ethics Committee
ARSENAJSCo,
100, Rozova Dolina Str,
6100 Kazanlak, BULGARIA
By e-mail: signals@arsenal-bg.com
By phone call – Hotline No: +359 882987880
You are kindly requested, in your signal/report addressed to the Ethics Committee to give your address, which we be used to inform you and confirm the your signal is obtained and the case is filed for further processing.
Ethics Committee of ARSENAL JSCo.’
http://arsenal-bg.com/reporting.htm
A33(a):
Are the whistleblowing channels available to all employees in all geographies?

Score:

1

Comments:
Based on public information, there is evidence that across geographies, all employees can report to the Ethics Committee. The company therefore scores 1. To score higher the company would need to provide evidence that across geographies, all employees have access to more than one reporting channel.

References:
Public:
Company website: Ethics Committee & Board Of Directors of Arsenal JSCO
‘On the Company web-site www.arsenal-bg.com a postal address, hotline number and an e-mail address shall be published, for sending warnings/signal reports to the Ethics Committee.’
http://arsenal-bg.com/Anticorruption.htm
A33(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?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, or that whistleblowers are treated supportively.

References:
Public:
NA
A34:
Does the company have well-publicised resources available to all employees where help and advice can be sought on corruption-related issues?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has well-publicised resources available to all employees where help and advice can be sought on corruption-related issues.

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

Score:
0

Comments:
Based on public information, there is no readily available evidence that there is a commitment to non-retaliation for bona fide reporting of corruption.

References:
Public:
NA
Information Sources:

Company Website:
http://www.arsenal.bg/ [Bulgarian]
http://www.arsenal-bg.com/ [English]

Company Profile (in English and in Bulgarian):
http://www.arsenal.bg/About%20us.pdf
http://arsenal-bg.com/profile.htm

Company Anti-Corruption Policy (October 2014):
http://arsenal-bg.com/Anticorruption.htm

Company Press Releases:
http://arsenal-bg.com/press.htm