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>45%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>5</td>
<td>50%</td>
</tr>
<tr>
<td>Company Policy and Codes</td>
<td>12</td>
<td>54.2%</td>
</tr>
<tr>
<td>Training</td>
<td>5</td>
<td>50%</td>
</tr>
<tr>
<td>Personnel and Helplines</td>
<td>7</td>
<td>28.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39</strong></td>
<td><strong>46.2%</strong></td>
</tr>
</tbody>
</table>

TI understands that the company is not 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:

2

Comments:
Based on public information, there is evidence that the company published a statement from the CEO supporting the ethics agenda of the company as an introduction to the Code of Conduct and also on the Compliance section of the company website. TI notes that corruption is mentioned specifically in the statement on the company website.

References:
Public:
Code of Conduct (April 2007), p.3:
‘Letter to our staff and management personnel.
To keep it that way, we are meeting the challenges of the market and gearing up for the future. We expect to stay at the leading edge of technology, remain a reliable business partner, provide our customers with the finest service and product quality possible, and be a healthy company with secure jobs.
In all of our activities, projects and achievements, we at MTU have one thing in common: we all are acting in the name of MTU Aero Engines and are aware of the responsibility this places on us. Our dealings base on a code of conduct set forth for all MTU employees, management staff and board of management alike.
In the code of conduct you will find the basic tenets that are central to the way in which we act. They express our expectations of fair and respectful dealings with each other and moreover with the company, colleagues, customers, business partners and the public at large. They reflect the values and beliefs that make us a responsible company.’

Company Website, CEO Statement:
We deem compliance with applicable laws and regulations to be our corporate social responsibility. We do not tolerate corruption, nor bribery and extortion, nor any other form of white-collar crime.

MTU acts as a fair business partner and customer, and advocates transparent competition on an equal and fair basis. Integrity and responsible conduct of business are core values of the corporate culture laid down in the Code of Conduct that is binding for employees, managers and the members of the Executive Board.

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 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.

References:

Public: 
TI notes:
Company website, Regulatory Governance and Compliance: 
Message by the Chief Executive Officer. 

Code of Conduct (April 2007), p.3: 
‘In the code of conduct you will find the basic tenets that are central to the way in which we act. They express our expectations of fair and respectful dealings with each other and moreover with the company, colleagues, customers, business partners and the public at large. They reflect the values and beliefs that make us a responsible company. MTU Aero Engines’ code of conduct is intended to provide you with orientation, confidence in dealings with customers, partners and the public at large, and moreover convey to you our views in environmental protection matters.
We naturally cannot anticipate all possible situations you are facing in your daily work. If you have specific questions, your supervisor will be pleased to help, or you can consult your contacts at human resources or the works council.
We all shall note and observe these basic tenets to foster MTU Aero Engines’ global reputation and secure its future success.
Reiner Winkler
MTU Aero Engines AG views climate change as one of the greatest global challenges facing society, politics and the economy. This was the catalyst for drafting Clean Air Engines, our ambitious product and climate objectives, which applies to all future engines until 2050. As part of our climate strategy, we promote the use of environmentally friendly technologies in aviation; as one of the world’s leading high-tech companies in the engine industry, we feel this is one of our responsibilities.

...We are particularly strong when it comes to product responsibility, and this is where we can help most to keep air traffic sustainable. But that’s not the only way MTU stands out. During the reporting year, our comprehensive commitment to corporate responsibility was awarded Prime Status by oekom research, an independent and leading global rating company in the field of sustainable investment. We also intensified dialog with our stakeholders to obtain further feedback. Since the end of 2013, we have asked our target groups in an online survey about their beliefs and opinions on Corporate Responsibility at MTU.

We want to continue improving our economic, social and environmental performance in the future. We have already taken one important step towards sustainable supplier management during this reporting period by establishing a Code of Conduct for Suppliers as a standard part of our contracts with suppliers. From now on, cooperation with our 4,500 partners worldwide will be defined by binding work, social and environmental standards, which are oriented on the principles set out in the UN Global Compact.

This is our third UN Global Compact Communication on Progress. The aim is to document how we are implementing the ten principles, what progress we have already achieved in this and where we still need to take action. For the first time, we have expanded the report’s focus to include all of Europe. MTU Aero Engines is committed to continuing to support and promote the implementation of the principles of the UN Global Compact.'
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.

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:

1

Comments:

Based on public information, there is evidence that the company publishes various statements on the values and principles of business conduct, including transparency and integrity. However, this falls short of the range of values sought by the question and is assessed to lack detailed explanation. The company therefore scores 1.

References:

Public:

UN Global Compact Communication on Progress Report (2013-14), p.7:

‘MTU reports regularly on sustainability topics both internally and externally in order to create transparency and to strengthen awareness of corporate responsibility among employees, customers, partners, suppliers and shareholders.

A major aspect of CR communications is the sustainability report, which follows the internationally recognized standard, the Global Reporting Initiative GRI.’

(p.9): ‘Our Code of Conduct corresponds with the ten principles of the UN Global Compact and is supported by a positive company culture that values responsibility, mutual respect, diversity, fairness and regulations, as formulated in the MTU Principles.’

(p. 31): ‘Respecting the prevailing laws and regulations is part and parcel of our corporate responsibility and forms an important basis for responsible dealings with our business partners and employees.

MTU acts as a fair employer, business partner and client and advocates transparent competition where all parties are on an equal footing. Integrity and responsible behavior are important values in our corporate culture and are binding throughout the company for employees and managers by virtue of the rules set out in our Code of Conduct. These obligations also explicitly apply to board members.

MTU’s organization-wide Compliance Board is a key instrument for ensuring legal
conformity and the implementation of internal guidelines and principles.

MTU denounces corruption, including bribery and extortion, and all other forms of white-collar crime. The binding legal framework we impose on all acting parties operating on MTU’s behalf strengthens the confidence of our stakeholders.

We are committed to building long-term business relationships on the foundation of good, attractive products; this stance includes not supporting any political parties through financial donations.’


UN Global Compact Communication on Progress Report (2012-13), p. 7:
‘Binding values and the same principles for everyone are the mainstays of a successful corporate culture. MTU has enshrined the values it finds most important in a binding Code of Conduct. And ever since, these principles of conduct have characterized MTU’s everyday relationships with employees, partners, customers, suppliers and shareholders. We also expect our suppliers to follow similar guidelines as the basis for a long-term business relationship.

The Code of Conduct commits MTU to safeguarding human rights, observing all applicable employment law, creating fair working conditions in a safe and healthy environment, preventing corruption, and adequately training employees for the work they carry out.’

https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Global_Compact.html

Code of Conduct (April 2007), Preamble, p.5:
‘MTU Aero Engines embraces a corporate culture characterized by equitable and cooperative partnership. Tolerance and trust are the basic principles of our daily dealings with each other. The workforce and management commit to adhere to conduct that is marked by responsibility and integrity. The personality and dignity of individuals shall be respected. Employees shall be responsive and tolerant when encountering other cultures and mindsets in collaboration. Management personnel are called upon to orient their conduct along the values described herein and serve as role models in their management functions.’

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: 2

Comments: Based on public information, there is evidence that the company is part of the UN Global Compact and ASD.

References:
Public:
Sustainability Report (2012), p.11:
‘We are a participant in the UN Global Compact This longstanding commitment accords with the UN Global Compact’s ten principles promoting human rights, the environment and fair working conditions and combating corruption. MTU joined this global U.N. sustainability initiative in 2011, whereby we undertook to observe and implement these internationally proclaimed standards and report annually about the progress we have made.’
UN Global Compact Communication on Progress Report (2012-13), p.29:
‘MTU underscores its commitment to management integrity through its membership of the Aerospace and Defence Industries Association of Europe (ASD), which it joined in 2011, and its recognition of the association’s standards combating corruption, bribery and unfair competition.’
https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Global_Compact.html
A6:
Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?

Score:

2

Comments:
Based on public information, there is evidence that the company has appointed the Compliance Board with responsibility for its ethics and anti-corruption agenda. It is responsible for identifying risks, recommending improvements and coordinating measures in response to incidents of non-compliance.

References:
Public:
UN Global Compact Communication on Progress Report (2013-14), p.32:
‘Compliance Board
We regularly inspect all divisions for signs of possible corruption in order to ensure compliance at MTU. To this end, the company set up a superordinate Compliance Board, which is made up of the heads of the legal department, Corporate Audit and Corporate Security. The Compliance Board reports directly to the Executive Board at regular intervals. It is committed to fully clearing up reported suspicions and incidents of irregular behavior and inspects consultancy contracts for potential corruption risks before they are signed. On top of this, consultancy contracts are also assessed by TRACE, an independent organization specialized in business practice transparency and due diligence reviews of agents, intermediaries and consultants. Only once the Compliance Board has given a positive recommendation does the CEO approve the conclusion or extension of a contract. Transparency International, an independent organization that combats corruption worldwide, rated MTU’s approach in its dealings with intermediaries and sales consultants on a scale from 0 to 2 and awarded it top marks. In addition, our internal auditors conduct regular compliance audits, in which they scrutinize business processes and procedures in the company for legal conformity and adherence to internal guidelines. Another of the Compliance Board’s key duties is to prevent misconduct and raise employees’ awareness of what constitutes misconduct.
First and foremost, this takes the form of compliance training courses for all employees, with special courses for employees and managers in positions of trust. These courses are repeated at regular intervals. In total, over 1,000 training hours have already been devoted to this issue to date. In 2013, compliance training courses were held for employees and managers in positions of trust in Germany; these courses will be held at the MTU site in Rzeszów, Poland, in 2014. In addition, compliance training is compulsory for all new employees working in areas with customer contact.

In our global whistleblower system, an ombudsman acts as a confidential point of contact to whom employees and external stakeholders can report suspicions of corruption. Once again, there were no indications of possible corruption at MTU during this reporting period. Furthermore, MTU was not the object of any significant monetary fines or criminal proceedings, nor were such proceedings pending. We will continue to pursue this goal in the future, and we view it as confirmation that our compliance management system is working.’

Annual Report (2013), p. 18:
‘Compliance
MTU has set up a Compliance Board, which reports directly to the Executive Board. This Board meets once a quarter. Its duties include identifying and evaluating legal and reputational risks. Where necessary, it recommends additional compliance rules to the Executive Board. Above and beyond this, the Compliance Board coordinates the measures taken in specific cases of non-compliance. In agreement with the Works Council, the company has set up an internal compliance office that staff, customers and suppliers may contact if they suspect unethical conduct.

Status reports on the activities of the Compliance Board are presented at meetings of the Supervisory Board’s Audit Committee. The Audit Committee then informs the plenary meetings of the Supervisory Board via a summary of its own meetings. The Supervisory Board’s Audit Committee oversees the Executive Board’s compliance activities. This includes proposing new rules for incorporation in the compliance guidelines and monitoring the measures and training programs by the Compliance Board.’

Sustainability Report (2012), p.17:
https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Nachhaltigkeit_E.html

Annual Report (2012), p. 24:
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 oversee the ethics and compliance 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:

1

Comments:
Based on public information, there is evidence that the Compliance Board identifies and evaluates reputational risks, signs of possible corruption and incidents and recommends additional compliance rules to the Executive Board. However, the work of the Compliance Board appears to be more ongoing monitoring than a heavyweight review of the ethics and anti-corruption agenda. The company therefore scores 1.

References:
Public:
UN Global Compact Communication on Progress Report (2013-14), p. 32:
‘Compliance Board
We regularly inspect all divisions for signs of possible corruption in order to ensure compliance at MTU. To this end, the company set up a superordinate Compliance Board, which is made up of the heads of the legal department, Corporate Audit and Corporate Security. The Compliance Board reports directly to the Executive Board at regular intervals. It is committed to fully clearing up reported suspicions and incidents of irregular behavior and inspects consultancy contracts for potential corruption risks before they are signed. On top of this, consultancy contracts are also assessed by TRACE, an independent organization specialized in business practice transparency and due diligence reviews of agents, intermediaries and consultants. Only once the Compliance Board has given a positive recommendation does the CEO approve the conclusion or extension of a contract. Transparency International, an independent organization that combats corruption worldwide, rated MTU’s approach in its dealings with intermediaries and sales consultants on a scale from 0 to 2 and awarded it top marks. In addition, our internal auditors conduct regular compliance audits, in which they scrutinize business processes and procedures in the company for legal conformity and adherence to internal guidelines. Another of the Compliance Board’s key duties is to prevent misconduct and raise employees’ awareness of what constitutes misconduct.
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In our global whistleblower system, an ombudsman acts as a confidential point of contact to whom employees and external stakeholders can report suspicions of corruption.

Once again, there were no indications of possible corruption at MTU during this reporting period. Furthermore, MTU was not the object of any significant monetary fines or criminal proceedings, nor were such proceedings pending. We will continue to pursue this goal in the future, and we view it as confirmation that our compliance management system is working.”


UN Global Compact Communication on Progress Report (2012-13), p. 29:
‘MTU set up a Compliance Board back in 2007, made up of the heads of its legal department, corporate audit, and corporate security. The Board is committed to fully clearing up reported suspicions and cases of improper behavior. The Compliance Board is also in charge of reviewing all new and to-be-renewed consultant agreements in order to assess any potential risks of corruption. Additionally, consultants are to be reviewed by independent organization TRACE. Only once the Compliance Board has submitted a positive recommendation will the CEO sign off on any particular contract.’

https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Global_Compact.html

Annual Report (2013), p.18: ‘MTU has set up a Compliance Board, which reports directly to the Executive Board. This board meets once a quarter. Its duties include identifying and evaluating legal and reputational risks. Where necessary, it recommends additional compliance rules to the Executive Board. Above and beyond this, the Compliance Board coordinates the measures taken in specific cases of non-compliance. In agreement with the Works Council, the company has set up an internal compliance office that staff, customers and suppliers may contact if they suspect unethical conduct. Status reports on the activities of the Compliance Board are presented at meetings of the Supervisory Board’s Audit Committee. The Audit Committee then informs the plenary meetings of the Supervisory Board via a summary of its own meetings. The Supervisory Board’s Audit Committee oversees the Executive Board’s compliance activities. This includes proposing new rules for incorporation in the compliance guidelines and monitoring the measures and training programs implemented by the Compliance Board.’

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 the company has a formal written plan in place for review and update of the anti-corruption agenda. There is a mention of a Compliance Board tackling issues of corruption but details on whether it reviews and suggests improvements are not available.

References:

Public:
UN Global Compact Communication on Progress Report (2013-14), p. 32:
‘Compliance Board

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In our global whistleblower system, an ombudsman acts as a confidential point of contact to whom employees and external stakeholders can report suspicions of corruption.

Once again, there were no indications of possible corruption at MTU during this reporting period. Furthermore, MTU was not the object of any significant monetary fines or criminal proceedings, nor were such proceedings pending. We will continue to pursue this goal in the future, and we view it as confirmation that our compliance management system is working.'

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:
1

Comments:
Based on public information, there is limited evidence that the company has a formal process for review and update of its anti-corruption policies. The Compliance Board appears to perform these functions to some degree in the company. However, the formality of the review process is not clear. The company therefore scores 1.

TI notes that the company provided internal information for the 2012 CI which was openly published in the survey report with the company’s permission. However, the public assessment score remains 1 as this part of the survey is seeking to understand company transparency.

References:
Public:
UN Global Compact Communication on Progress Report (2013-14), p. 32:
‘Compliance Board
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UN Global Compact Communication on Progress Report (2012-13), p. 29:
‘MTU set up a Compliance Board back in 2007, made up of the heads of its legal department, corporate audit, and corporate security. The Board is committed to fully clearing up reported suspicions and cases of improper behavior. The Compliance Board is also in charge of reviewing all new and to-be-renewed consultant agreements in order to assess any potential risks of corruption. Additionally, consultants are to be reviewed by independent organization TRACE. Only once the Compliance Board has submitted a positive recommendation will the CEO sign off on any particular contract.’

Annual Report (2013), p.18: ‘MTU has set up a Compliance Board, which reports directly to the Executive Board. This board meets once a quarter. Its duties include identifying and evaluating legal and reputational risks. Where necessary, it recommends additional compliance rules to the Executive Board. Above and beyond this, the Compliance Board coordinates the measures taken in specific cases of non-compliance. In agreement with the Works Council, the company has set up an internal compliance office that staff, customers and suppliers may contact if they suspect unethical conduct. Status reports on the activities of the Compliance Board are presented at meetings of the Supervisory Board’s Audit Committee. The Audit Committee then informs the plenary meetings of the Supervisory Board via a summary of its own meetings. The Supervisory Board’s Audit Committee oversees the Executive Board’s compliance activities. This includes proposing new rules for incorporation in the compliance guidelines and monitoring the measures and training programs implemented by the Compliance Board.’
A9(a):
Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide?

Score:
2

Comments:
Based on public information, there is evidence that the company does have a formal compliance and ethics risk assessment procedure.

References:
Public:
Company Website, Risk Report:

‘Risk is an inherent part of any entrepreneurial activity. To meet the expectations of its shareholders, MTU must exploit opportunities – and that entails a certain degree of risk. MTU has an integrated opportunity and risk management system in place, which is linked to the group’s value-oriented performance indicators and its organizational structure. The system ensures compliance with statutory requirements and is based on the internationally recognized COSO II Enterprise Risk Management (ERM) Framework. The systematic consideration of significant risk factors is of vital importance to the MTU group, and serves as a fundamental basis for value-oriented controlling functions and sustainable business success. MTU identifies risks, analyzes their possible consequences and develops measures to limit them. The key areas of risk exposure are as follows:

- Risks arising from macroeconomic factors and corporate strategy
- Market and program risks
- Risks associated with product development and manufacturing
- Other risks pertaining to business operations

MTU regards a suitable control environment as being essential for a functioning risk management system. The following are considered the main elements of such an environment:

- management style and philosophy,
- integrity and ethical values,
- staff training and development.

MTU regards risk management as a continuous, end-to-end process to ensure responsible
The risk inventory of the group, which encompasses all the business units and all the risk factors to which MTU is exposed, forms the basis for identifying risks. According to the COSO II Framework, it is divided into governance and compliance, strategy and planning, operations and infrastructure, and reporting. In the interests of a more detailed assessment of risks, MTU has divided this framework into 15 risk categories covering all corporate areas. Each subsidiary and business unit is responsible for identifying, assessing, controlling and monitoring the risks in their specific areas, and documenting them in risk maps. To this end, they use a general risk checklist derived from the risk inventory.


UN Global Compact Communication on Progress Report (2013-14), p. 32:
‘Compliance Board
We regularly inspect all divisions for signs of possible corruption in order to ensure compliance at MTU. To this end, the company set up a superordinate Compliance Board, which is made up of the heads of the legal department, Corporate Audit and Corporate Security. The Compliance Board reports directly to the Executive Board at regular intervals. It is committed to fully clearing up reported suspicions and incidents of irregular behavior and inspects consultancy contracts for potential corruption risks before they are signed. On top of this, consultancy contracts are also assessed by TRACE, an independent organization specialized in business practice transparency and due diligence reviews of agents, intermediaries and consultants. Only once the Compliance Board has given a positive recommendation does the CEO approve the conclusion or extension of a contract. Transparency International, an independent organization that combats corruption worldwide, rated MTU’s approach in its dealings with intermediaries and sales consultants on a scale from 0 to 2 and awarded it top marks. In addition, our internal auditors conduct regular compliance audits, in which they scrutinize business processes and procedures in the company for legal conformity and adherence to internal guidelines. Another of the Compliance Board’s key duties is to prevent misconduct and raise employees’ awareness of what constitutes misconduct.’


UN Global Compact Communication on Progress Report (2012-13), p. 29:
‘MTU set up a Compliance Board back in 2007, made up of the heads of its legal department, corporate audit, and corporate security. The Board is committed to fully clearing up reported suspicions and cases of improper behavior. The Compliance Board is also in charge of reviewing all new and to-be-renewed consultant agreements in order to assess any potential risks of corruption. Additionally, consultants are to be reviewed by independent organization TRACE. Only once the Compliance Board has submitted a positive recommendation will the CEO sign off on any particular contract.’

‘MTU risk management regularly evaluates corruption-related risks in organizational units

MTU AERO ENGINES 20/11/14
HTTP://WWW.MTU.DE/
as well as measures taken to minimize risk.’
https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Global_Compact.html

Annual Report (2013), p.18: ‘MTU has set up a Compliance Board, which reports directly to the Executive Board. This board meets once a quarter. Its duties include identifying and evaluating legal and reputational risks. Where necessary, it recommends additional compliance rules to the Executive Board’
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:

1

Comments:
Based on public information, there is evidence that the company has a formal anti-corruption risk assessment procedure for assessing proposed business decisions. However, there is insufficient evidence of clear requirements on the circumstances under which such a procedure should be applied. The company therefore scores 1.

References:
Public:
Company Website, Risk Report:
‘MTU regards a suitable control environment as being essential for a functioning risk management system. The following are considered the main elements of such an environment:
- management style and philosophy,
- integrity and ethical values,
- staff training and development.

Each subsidiary and business unit is responsible for identifying, assessing, controlling and monitoring the risks in their specific areas, and documenting them in risk maps. To this end, they use a general risk checklist derived from the risk inventory. They submit reports to the central risk management department for risks exceeding an amount of € 1 million over the five-year period under consideration, at dates allowing them to be reviewed together with the quarterly financial results. The risk maps also serve to document risks below a threshold of € 1 million. Risks valued at more than € 5 million are reported immediately to the central risk management department. Risk assessment is based on uniform definitions of the probabilities of loss occurrence and rated in terms of possible deviations of the group performance indicator “adjusted EBIT” from the currently valid operational planning figures and potential impact on liquidity.
The central risk management department aggregates and consolidates the risks and evaluates the overall risk position of the group and its joint ventures.’
MTU AERO ENGINES 20/11/14
HTTP://WWW.MTU.DE/


UN Global Compact Communication on Progress Report (2013-14), p. 32:
‘Compliance Board
We regularly inspect all divisions for signs of possible corruption in order to ensure compliance at MTU. To this end, the company set up a superordinate Compliance Board, which is made up of the heads of the legal department, Corporate Audit and Corporate Security. The Compliance Board reports directly to the Executive Board at regular intervals. It is committed to fully clearing up reported suspicions and incidents of irregular behavior and inspects consultancy contracts for potential corruption risks before they are signed. On top of this, consultancy contracts are also assessed by TRACE, an independent organization specializing in business practice transparency and due diligence reviews of agents, intermediaries and consultants. Only once the Compliance Board has given a positive recommendation does the CEO approve the conclusion or extension of a contract. Transparency International, an independent organization that combats corruption worldwide, rated MTU’s approach in its dealings with intermediaries and sales consultants on a scale from 0 to 2 and awarded it top marks. In addition, our internal auditors conduct regular compliance audits, in which they scrutinize business processes and procedures in the company for legal conformity and adherence to internal guidelines. Another of the Compliance Board’s key duties is to prevent misconduct and raise employees’ awareness of what constitutes misconduct.’


UN Global Compact Communication on Progress Report (2012-13), p.29:
‘MTU set up a Compliance Board back in 2007, made up of the heads of its legal department, corporate audit, and corporate security. The Board is committed to fully clearing up reported suspicions and cases of improper behavior. The Compliance Board is also in charge of reviewing all new and to-be-renewed consultant agreements in order to assess any potential risks of corruption. Additionally, consultants are to be reviewed by independent organization TRACE. Only once the Compliance Board has submitted a positive recommendation will the CEO sign off on any particular contract.’
‘MTU risk management regularly evaluates corruption-related risks in organizational units as well as measures taken to minimize risk.’

https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Global_Compact.html
A11:
Does the company conduct due diligence that minimises corruption risk when selecting or reappointing its agents?

Score:
1

Comments:
Based on public information, there is some evidence that consultants appointed to the company are reviewed by TRACE for the company. However, it is not clear that due diligence is refreshed after 3 years or when there is a significant change in the business relationship. The company therefore scores 1.

References:
Public:
UN Global Compact Communication on Progress Report (2013-14), p.32:
‘Compliance Board
We regularly inspect all divisions for signs of possible corruption in order to ensure compliance at MTU. To this end, the company set up a superordinate Compliance Board, which is made up of the heads of the legal department, Corporate Audit and Corporate Security. The Compliance Board reports directly to the Executive Board at regular intervals. It is committed to fully clearing up reported suspicions and incidents of irregular behavior and inspects consultancy contracts for potential corruption risks before they are signed. On top of this, consultancy contracts are also assessed by TRACE, an independent organization specialized in business practice transparency and due diligence reviews of agents, intermediaries and consultants. Only once the Compliance Board has given a positive recommendation does the CEO approve the conclusion or extension of a contract. Transparency International, an independent organization that combats corruption worldwide, rated MTU’s approach in its dealings with intermediaries and sales consultants on a scale from 0 to 2 and awarded it top marks. In addition, our internal auditors conduct regular compliance audits, in which they scrutinize business processes and procedures in the company for legal conformity and adherence to internal guidelines.
Another of the Compliance Board’s key duties is to prevent misconduct and raise employees’ awareness of what constitutes misconduct.’
https://www.mtu-
MTU set up a Compliance Board back in 2007, made up of the heads of its legal department, corporate audit, and corporate security...... Additionally, consultants are to be reviewed by independent organization TRACE. Only once the Compliance Board has submitted a positive recommendation will the CEO sign off on any particular contract.’
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:

1

Comments:

Based on public information, there is evidence that the company expects suppliers to commit to the company’s standards. However, there is no evidence of contractual terms, or the consequences of breaches. The company therefore scores 1.

TI notes that the company provided internal information for the 2012 CI which was openly published in the survey report with the company's permission. However, the public assessment score remains 1 as this part of the survey is seeking to understand company transparency.

References:

Public:

Code of Conduct for Suppliers (2014):

‘MTU expects that its suppliers comply with all of the standards and requirements described here, that they require their subcontractors and sub-tier suppliers to commit to comply with them, and to see to it that their subcontractors and sub-tier suppliers actually do comply with them.’

‘MTU expects its suppliers to refrain from any form of corruption, favors, extortion, and active and passive bribery.’

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

Score:
NA

Comments:
The company has informed TI that it does not engage 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:
The company has informed TI that it does not engage in offset contracting.

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

Score: 2

Comments: Based on public information, there is evidence that the company has a policy prohibiting corruption in its various forms and it goes into sufficient detail about each of these types of corruption.

References:

Public:
Code of Conduct (April 2007), p. 3:
‘In all of our activities, projects and achievements, we at MTU have one thing in common: we all are acting in the name of MTU Aero Engines and are aware of the responsibility this places on us. Our dealings base on a code of conduct set forth for all MTU employees, management staff and board of management alike. In the code of conduct you will find the basic tenets that are central to the way in which we act. They express our expectations of fair and respectful dealings with each other and moreover with the company, colleagues, customers, business partners and the public at large. They reflect the values and beliefs that make us a responsible company.’

(p..7):‘Relations of the company with political parties and politicians Donations, presents, free services, payments and loans to political parties, committees, candidates or incumbents of political offices are allowable only if they comply with applicable law and have the prior approval of MTU’s board of management. Relations of the company with national and foreign public agencies and officials Payments, presents, entertainment or the granting of other advantages to national or foreign civil servants, military personnel or other staff of civil services or authorities (hereinafter called office holders) or to natural or legal persons close to them, made to win contracts or other advantages for MTU, are disallowable. This equally applies to the granting of advantages after contracts or advantages have been received.
Specifically, the following stipulations apply in dealings with office holders or persons close to them:
a) Entertainment shall be allowed only when necessary in the form of working meals held
within the scope of normal cooperation. They shall be made in an appropriate and socially adequate fashion.

b) Presents shall be made only on very special occasions (service or personal jubilees, etc.) and where they are expected courtesies. Such presents shall be appropriate and socially adequate.

c) Additionally, advantages shall not be granted office holders or third parties close to them unless with the prior written approval of the office holder’s supervisor. This also includes advantages provided in the form of contracts, as for lecture activities. Such written approvals shall be filed for safekeeping.’

(p.8): ‘MTU is a globally engaged, highly-focused company that benefits its customers through its capabilities, product and service quality, and earning power. MTU does not tolerate immoral or corrupt practices, such as bribing or accepting advantages, in business transactions. Similarly, company employees shall abstain from private business or transactions patently running counter to MTU’s best interests or prejudicing their work for the company.

Where uncertainties exist in the interpretation of legal concepts or cultural differences (e.g. internationally, when the rejection of a present may be considered impolite), these shall be clarified in consultation with supervisors or human resources staff. Dealings with suppliers, customers and other business partners

- MTU personnel shall generally not request or accept from MTU’s business partners payments, loans, presents, invitations for meals or other events, nor any other favors. The acceptance of promotional material and other items shall be allowable only provided they are offered voluntarily, are socially adequate within the scope of business relations and can safely be assumed not to sway employees’ decisions. An item worth € 30 is generally considered the limit. Exceptions thereto are invitations that are part of events (congresses, trade shows, etc.) or business lunches or dinners where company employees are the guests of business partners. In that case, their supervisors shall be apprised of the frequency and reason of events funded by business partners.

- Discounts or special conditions for goods or services provided by suppliers or customers shall not be requested or accepted for private purposes. Exceptions thereto are discounts and other benefits universally granted all employees and agreed upon with MTU.

- Unless otherwise agreed upon with MTU’s board of management, business partners shall not be allowed to sponsor MTU events. Nor shall internal MTU departmental celebrations be sponsored by third parties.

- Any type of punishable attempts to affect business partners’ decisions, more particularly by cash payments, shall be disallowable. Disallowable also shall be socially inadequate presents, entertainment and other benefits aimed at winning contracts or other advantages for MTU through granting personal advantages to business partners’ employees.’


UN Global Compact Communication on Progress Report (2013-14), p. 31:
‘MTU denounces corruption, including bribery and extortion, and all other forms of white-collar crime. The binding legal framework we impose on all acting parties operating on MTU’s behalf strengthens the confidence of our stakeholders.

We are committed to building long-term business relationships on the foundation of good, attractive products; this stance includes not supporting any political parties through financial donations.

MTU’s Code of Conduct for Suppliers obliges them to refrain from corruption in all its forms, including offering and accepting bribes and other important benefits. Since 2014, the Code of Conduct for Suppliers is now a permanent part of our supplier contracts. MTU’s two Codes of Conduct for employees and suppliers respectively can be accessed at: www.mtu.de.

We have also expanded our dialog with stakeholders during the reporting period, as we want to strengthen our communication on compliance issues. See our website for detailed information about organizational and other measures we have undertaken in this regard.’

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

Score:

2

Comments:
Based on public information, there is evidence that the company has a policy of zero
tolerance for corruption.

References:
Public:
Code of Conduct (April 2007), p. 8: ‘MTU does not tolerate immoral or corrupt practices,
such as bribing or accepting advantages, in business transactions.’
https://www.mtu-
mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Code_of_Conduct_MTU_Aero_ Engines.html

Company Website, CEO Statement:
Regulatory Compliance and Corporate Governance
‘We deem compliance with applicable laws and regulations to be our corporate social
responsibility. We do not tolerate corruption, nor bribery and extortion, nor any other form
of white-collar crime.
MTU acts as a fair business partner and customer, and advocates transparent competition
on an equal and fair basis. Integrity and responsible conduct of business are core values of
the corporate culture laid down in the Code of Conduct that is binding for employees,
managers and the members of the Executive Board.’
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:

2

Comments:
Based on public information, there is evidence that the company’s anti-corruption policy contained in its Code of Conduct, the company website and Code of Conduct for suppliers is easily accessible. TI notes that the Code of Conduct is available in English and German.

References:
Public:
Code of Conduct (April 2007):

Code of Conduct for suppliers (2014):
A17(a):
Is the company’s anti-corruption policy easily understandable and clear to Board members, employees and third parties?

Score:

2

Comments:
Based on public information, there is evidence that the company’s anti-corruption policy contained in its Code of Conduct, the company website and Code of Conduct for suppliers are easily understandable.

References:
Public:
Code of Conduct (April 2007):

Code of Conduct for suppliers (2014):
A18:

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

Score:

2

Comments:

Based on public information, there is evidence that the company’s anti-corruption policy, contained in the Code of Conduct, explicitly applies to all employees and members of the Board.

References:

Public:

Code of Conduct (April 2007) p. 6:
‘This MTU Code of Conduct applies to all employees of MTU Aero Engines GmbH and its affiliates, and encompasses also the interests of the group’s parent MTU Aero Engines Holding AG. Where this Code of Conduct refers to MTU, it shall be interpreted to include MTU Aero Engines Holding AG and all its affiliates.’

(p.3): ‘Our dealings base on a code of conduct set forth for all MTU employees, management staff and board of management alike.’

https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Co
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 limited evidence that the company has a policy on conflicts of interest. The policy does mention instances related to conflict of interest scenarios but is not explicit and clear in its definitions and application of the same. The company therefore scores 1.

References:
Public:
Code of Conduct (April 2007), p.8:
‘...company employees shall abstain from private business or transactions patently running counter to MTU’s best interests or prejudicing their work for the company. Where uncertainties exist in the interpretation of legal concepts or cultural differences (e.g. internationally, when the rejection of a present may be considered impolite), these shall be clarified in consultation with supervisors or human resources staff. Dealing with suppliers, customers and other business partners
• MTU personnel shall generally not request or accept from MTU’s business partners payments, loans, presents, invitations for ....
• Discounts or special conditions for goods or services provided by suppliers or customers shall not be requested or accepted for private purposes. Exceptions thereto are discounts and other benefits universally granted all employees and agreed upon with MTU.
• Unless otherwise agreed upon with MTU’s board of management, business partners shall not be allowed to sponsor MTU events. Nor shall internal MTU departmental celebrations be sponsored by third parties.
• Any type of punishable attempts to affect business partners’ decisions, more particularly by cash payments, shall be disallowable. Disallowable also shall be socially inadequate presents, entertainment and other benefits aimed at winning contracts or other advantages for MTU through granting personal advantages to business partners’ employees.

Sideline employment
Without prior written approval, company employees shall not be members on the management, supervisory or advisory boards of other business enterprises or regularly perform sideline activities that conflict with the legitimate interests of the company.

Financial participation

Without prior written approval, MTU employees shall not directly or indirectly participate in companies of MTU’s business partners or competitors when amount and type of such participation may affect their work for or loyalty to MTU or give rise to conflicts of interests.

https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_CodE_of_Conduct_MTU_Aero_Engines.html
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:
1

Comments:
Based on public information, there is 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. The policy includes indicative limits to achieve this. However, it is not clear whether these limits apply to public officials as well as to suppliers, customers and other business partners. The company therefore scores 1.

References:
Public:
Code of Conduct (April 2007), p.7:
‘Relations of the company with political parties and politicians
Donations, presents, free services, payments and loans to political parties, committees, candidates or incumbents of political offices are allowable only if they comply with applicable law and have the prior approval of MTU’s board of management.
Relations of the company with national and foreign public agencies and officials
Payments, presents, entertainment or the granting of other advantages to national or foreign civil servants, military personnel or other staff of civil services or authorities (hereinafter called office holders) or to natural or legal persons close to them, made to win contracts or other advantages for MTU, are disallowable. This equally applies to the granting of advantages after contracts or advantages have been received.
b) Presents shall be made only on very special occasions (service or personal jubilees, etc.) and where they are expected courtesies. Such presents shall be appropriate and socially adequate.’

(p. 8): ‘MTU is a globally engaged, highly-focused company that benefits its customers through its capabilities, product and service quality, and earning power. MTU does not tolerate immoral or corrupt practices, such as bribing or accepting advantages, in business transactions.
• MTU personnel shall generally not request or accept from MTU’s business partners
payments, loans, presents, invitations for meals or other events, nor any other favors. The acceptance of promotional material and other items shall be allowable only provided they are offered voluntarily, are socially adequate within the scope of business relations and can safely be assumed not to sway employees’ decisions. An item worth € 30 is generally considered the limit. Exceptions thereto are invitations that are part of events (congresses, trade shows, etc.) or business lunches or dinners where company employees are the guests of business partners. In that case, their supervisors shall be apprised of the frequency and reason of events funded by business partners.

- Discounts or special conditions for goods or services provided by suppliers or customers shall not be requested or accepted for private purposes. Exceptions thereto are discounts and other benefits universally granted all employees and agreed upon with MTU.
- Unless otherwise agreed upon with MTU’s board of management, business partners shall not be allowed to sponsor MTU events. Nor shall internal MTU departmental celebrations be sponsored by third parties.
- Any type of punishable attempts to affect business partners’ decisions, more particularly by cash payments, shall be disallowable. Disallowable also shall be socially inadequate presents, entertainment and other benefits aimed at winning contracts or other advantages for MTU through granting personal advantages to business partners’ employees.’

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:
1

Comments:
Based on public information, there is evidence that the company has a policy for the giving and receipt of hospitality, to ensure that such transactions are bona fide and not a subterfuge for bribery. The policy includes indicative limits to achieve this. However, there is no evidence that these regulations apply to dealings with public officials. The company therefore scores 1.

References:
Public:
Code of Conduct (April 2007), p.7:
‘Relations of the company with national and foreign public agencies and officials
Payments, presents, entertainment or the granting of other advantages to national or foreign civil servants, military personnel or other staff of civil services or authorities (hereinafter called office holders) or to natural or legal persons close to them, made to win contracts or other advantages for MTU, are disallowable. This equally applies to the granting of advantages after contracts or advantages have been received.
Specifically, the following stipulations apply in dealings with office holders or persons close to them:
a) Entertainment shall be allowed only when necessary in the form of working meals held within the scope of normal cooperation.
They shall be made in an appropriate and socially adequate fashion.
b) Presents shall be made only on very special occasions (service or personal jubilees, etc.) and where they are expected courtesies.
Such presents shall be appropriate and socially adequate.
c) Additionally, advantages shall not be granted office holders or third parties close to them unless with the prior written approval of the office holder’s supervisor. This also includes
advantages provided in the form of contracts, as for lecture activities. Such written
approvals shall be filed for safekeeping.’

(p. 8):
• MTU personnel shall generally not request or accept from MTU’s business partners
payments, loans, presents, invitations for meals or other events, nor any other favors.
The acceptance of promotional material and other items shall be allowable only provided
they are offered voluntarily, are socially adequate within the scope of business relations and
can safely be assumed not to sway employees’ decisions. An item worth € 30 is generally
considered the limit. Exceptions thereto are invitations that are part of events (congresses,
trade shows, etc.) or business lunches or dinners where company employees are the guests
of business partners. In that case, their supervisors shall be apprised of the
frequency and reason of events funded by business partners.
• Discounts or special conditions for goods or services provided by suppliers or customers
shall not be requested or accepted for private purposes. Exceptions thereto are discounts
and other benefits universally granted all employees and agreed upon with MTU.
• Unless otherwise agreed upon with MTU’s board of management, business partners
shall not be allowed to sponsor MTU events. Nor shall internal MTU departmental
celebrations be sponsored by third parties.
• Any type of punishable attempts to affect business partners’ decisions, more particularly
by cash payments, shall be disallowable. Disallowable also shall be socially inadequate
presents, entertainment and other benefits aimed at winning contracts or other advantages
for MTU through granting personal advantages to business partners’ employees.’

https://www.mtu-
mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Code_of_Conduct_MTU_Aero_
Engines.html
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:
TI notes:
Code of Conduct (April 2007), p. 7:
‘Conduct in dealings with public agencies and officials
Relations of the company with political parties and politicians
Donations, presents, free services, payments and loans to political parties, committees, candidates or incumbents of political offices are allowable only if they comply with applicable law and have the prior approval of MTU’s board of management.
Relations of the company with national and foreign public agencies and officials
Payments, presents, entertainment or the granting of other advantages to national or foreign civil servants, military personnel or other staff of civil services or authorities (hereinafter called office holders) or to natural or legal persons close to them, made to win contracts or other advantages for MTU, are disallowable. This equally applies to the granting of advantages after contracts or advantages have been received.’
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 limited evidence that the company regulates political contributions. It is noted that such contributions have to be reported to the Board of Management; however, the effect of this provision to prevent corruption cannot be ascertained.

References:

Public:
TI notes:
Code of Conduct (April 2007), p. 7:
‘Relations of the company with political parties and politicians Donations, presents, free services, payments and loans to political parties, committees, candidates or incumbents of political offices are allowable only if they comply with applicable law and have the prior approval of MTU’s board of management’
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.

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:
TI notes:
A27: 
Does the company have a training programme that explicitly covers anti-corruption?

Score:

2

Comments:

Based on public information, there is evidence that the company has a training programme that explicitly covers anti-corruption.

References:

Public:
UN Global Compact Communication on Progress Report (2013-14), p. 32:
‘Compliance Board
Another of the Compliance Board’s key duties is to prevent misconduct and raise employees’ awareness of what constitutes misconduct.
First and foremost, this takes the form of compliance training courses for all employees, with special courses for employees and managers in positions of trust. These courses are repeated at regular intervals. In total, over 1,000 training hours have already been devoted to this issue to date. In 2013, compliance training courses were held for employees and managers in positions of trust in Germany; these courses will be held at the MTU site in Rzeszów, Poland, in 2014. In addition, compliance training is compulsory for all new employees working in areas with customer contact.
In our global whistleblower system, an ombudsman acts as a confidential point of contact to whom employees and external stakeholders can report suspicions of corruption.
Once again, there were no indications of possible corruption at MTU during this reporting period. Furthermore, MTU was not the object of any significant monetary fines or criminal proceedings, nor were such proceedings pending. We will continue to pursue this goal in the future, and we view it as confirmation that our compliance management system is working.’

UN Global Compact Communication on Progress Report (2012-13), p.29:
‘One of the Compliance Board’s key duties is to prevent corruption and to increase
awareness of this issue among employees. Compliance training is provided to all employees, with special courses for employees and managers in positions of trust. These courses are carried out at regular intervals; the relevant MTU employees will undergo the next round compliance training in 2014’

https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Global_Compact.html
A28:  
Is anti-corruption training provided in all countries where the company operates or has company sites?

Score:

2

Comments:

Based on public information, there is evidence that the company provides compliance training (including anti-corruption training) to all employees. These courses are repeated on a regular basis.

References:

Public:
UN Global Compact Communication on Progress Report (2013-14), p. 32:
‘Compliance Board
Another of the Compliance Board’s key duties is to prevent misconduct and raise employees’ awareness of what constitutes misconduct.
First and foremost, this takes the form of compliance training courses for all employees, with special courses for employees and managers in positions of trust. These courses are repeated at regular intervals. In total, over 1,000 training hours have already been devoted to this issue to date. In 2013, compliance training courses were held for employees and managers in positions of trust in Germany; these courses will be held at the MTU site in Rzeszów, Poland, in 2014. In addition, compliance training is compulsory for all new employees working in areas with customer contact.
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UN Global Compact Communication on Progress Report (2012-13), p.29:
'One of the Compliance Board’s key duties is to prevent corruption and to increase awareness of this issue among employees. Compliance training is provided to all employees, with special courses for employees and managers in positions of trust. These courses are carried out at regular intervals; the relevant MTU employees will undergo the next round compliance training in 2014’

https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Global_Compact.html
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. It is noted that members of the Supervisory Board do receive some training; however, its emphasis on anti-corruption cannot be ascertained.

References:
Public:
TI notes:
Annual Report (2013), p. 33:
‘The Supervisory Board has a sufficient number of independent members. They each take part in training measures on their own responsibility, and also receive specialized training from MTU.’
A30:
Does the company provide tailored ethics and anti-corruption training for employees in sensitive positions?

Score:
1

Comments:
Based on public information, there is limited evidence that the company provides tailored ethics and anti-corruption training for employees in sensitive positions. It is mentioned that special training is provided for employees in ‘positions of trust’; however, further detail about these positions is unavailable hence the score is withheld to 1.

References:
Public:
UN Global Compact Communication on Progress Report (2013-14), p. 32:
‘Compliance Board
Another of the Compliance Board’s key duties is to prevent misconduct and raise employees’ awareness of what constitutes misconduct.
First and foremost, this takes the form of compliance training courses for all employees, with special courses for employees and managers in positions of trust. These courses are repeated at regular intervals. In total, over 1,000 training hours have already been devoted to this issue to date. In 2013, compliance training courses were held for employees and managers in positions of trust in Germany; these courses will be held at the MTU site in Rzeszów, Poland, in 2014. In addition, compliance training is compulsory for all new employees working in areas with customer contact.’
UN Global Compact Communication on Progress Report (2012-13), p.29:
‘One of the Compliance Board’s key duties is to prevent corruption and to increase awareness of this issue among employees. Compliance training is provided to all employees, with special courses for employees and managers in positions of trust. These courses are carried out at regular intervals; the relevant MTU employees will undergo the next round compliance training in 2014’
https://www.mtu-
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 formal process by which employees declare conflicts of interest. TI notes the disclosure process of members of the Board of Management.

References:

Public:

TI notes:

Rules of Procedure for the Board of Management, pp.5-6:

‘§ 5 Conflicts of interest, secondary occupations, notification duties

(1) Members of the Board of Management are subject to a comprehensive ban on competition beyond the provision under § 88 of the German Stock Corporation Act while serving on the Board of Management and during the term of their employment contract.

(2) The acceptance of secondary occupations, which includes seats on the supervisory boards of other companies apart from seats on the supervisory boards of the Company's dependent companies, requires the prior approval of the Supervisory Board.

(3) Members of the Board of Management may not request or accept gifts or other advantages from third parties in connection with their tasks either on their own behalf or for other persons, nor may they grant third parties unfair advantages.

(4) Members of the Board of Management are obliged to safeguard Company interests. No member of the Board of Management shall act in his own interests when taking decisions and take advantage of business opportunities intended for the Company or one of its dependent companies.

(5) Each member of the Board of Management must disclose conflicts of interests to the Supervisory Board, for the attention of the chairman of the Supervisory Board, without undue delay and notify the Board of Management thereof. All transactions between the Company or one of the Company's dependent companies, on the one hand, and members of the Board of Management or persons, enterprises or associations related to them, on the other hand, must meet the standards applicable to transactions conducted at arm's length.
 Unless the participation of the Supervisory Board is required anyway according to § 112 of the German Stock Corporation Act (AktG), such transactions require the approval of the Supervisory Board if the total value of the transactions exceed an amount of EUR 5,000.

(6) Each member of the Board of Management shall notify the Company and the German Federal Financial Supervisory Authority of his own transactions with shares of the Company or related financial instruments, in particular derivatives, in writing, within five workdays. This obligation according to sentence 1 also applies to spouses, registered partners, children entitled to maintenance and other relatives who have been living in the same household as a member of the Board of Management for at least one year at the time when the reportable transaction is entered into ("related persons"). If these related persons perform executive tasks for legal entities, these legal entities are also considered related persons within the meaning of sentence 2. Sentence 2 also covers legal entities, companies and facilities that are directly or indirectly controlled by a related person, that are founded in favor of such a person, or which largely serve the economic interests of such person. The obligation under sentence 1 does not apply as long as the total amount of transactions conducted by a member of the Board of Management or a person related to him does not exceed an amount of EUR 5,000 by the end of a calendar year.’

Rules of Procedure for the Supervisory Board

§ 3 Rights and duties of Supervisory Board members

(4) Each member of the Supervisory Board shall disclose conflicts of interest, in particular those which may arise due to consulting or holding an executive position at customers, suppliers, lenders or other business associates of the Company, to the Supervisory Board, for the attention of the chairman. If the conflict of interests is material and not merely temporary, the Supervisory Board member shall resign from office. When reporting to the Annual General Meeting, the Supervisory Board shall provide information on the conflicts of interests that arose and on how they were handled.

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:

2

Comments:
Based on public information, there is evidence that the company will appropriately penalize employees and Board members if violation of the Code of Conduct occurs.

References:
Public:
Code of Conduct (April 2007), p.3:
‘Our dealings base on a code of conduct set forth for all MTU employees, management staff and board of management alike.’

(p.6):
‘This MTU Code of Conduct applies to all employees of MTU Aero Engines GmbH and its affiliates, and encompasses also the interests of the group’s parent MTU Aero Engines Holding AG. Where this Code of Conduct refers to MTU, it shall be interpreted to include MTU Aero Engines Holding AG and all its affiliates.’

‘The MTU Code of Conduct constitutes a binding internal standard to be observed by all employees. The company will appropriately penalize employees for any violation of this Code of Conduct or applicable law.’

(p.14): ‘Violation of this MTU Code of Conduct or other MTU stipulations may result in disciplinary measures, termination of employment or other civil-law or penal measures. MTU management personnel at all levels are challenged to ensure that MTU personnel know and observe the provisions of this Code of Conduct. Supervisors and the human resources department alike should be consulted if uncertainties regarding proper conduct need resolving. Management personnel, if failing to observe this obligation, may themselves become subject to disciplinary action and other legal consequences.’

https://www.mtu.
Code of Conduct (April 2007) p. 6:
‘This MTU Code of Conduct applies to all employees of MTU Aero Engines GmbH and its affiliates, and encompasses also the interests of the group’s parent MTU Aero Engines Holding AG. Where this Code of Conduct refers to MTU, it shall be interpreted to include MTU Aero Engines Holding AG and all its affiliates.’

(p.3): ‘Our dealings base on a code of conduct set forth for all MTU employees, management staff and board of management alike.’

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 are able to report concerns or instances of suspected corrupt activity to the ombudsman. However, evidence does not suggest that employees are able to report anonymously or to an independent channel. Therefore the company scores 1.

References:
Public:
UN Global Compact Communication on Progress Report (2013-14), p. 32:
‘Compliance Board
We regularly inspect all divisions for signs of possible corruption in order to ensure compliance at MTU. To this end, the company set up a superordinate Compliance Board, which is made up of the heads of the legal department, Corporate Audit and Corporate Security. The Compliance Board reports directly to the Executive Board at regular intervals. It is committed to fully clearing up reported suspicions and incidents of irregular behavior and inspects consultancy contracts for potential corruption risks before they are signed. On top of this, consultancy contracts are also assessed by TRACE, an independent organization specialized in business practice transparency and due diligence reviews of agents, intermediaries and consultants. Only once the Compliance Board has given a positive recommendation does the CEO approve the conclusion or extension of a contract. Transparency International, an independent organization that combats corruption worldwide, rated MTU’s approach in its dealings with intermediaries and sales consultants on a scale from 0 to 2 and awarded it top marks. In addition, our internal auditors conduct regular compliance audits, in which they scrutinize business processes and procedures in the company for legal conformity and adherence to internal guidelines.

Another of the Compliance Board’s key duties is to prevent misconduct and raise
employees’ awareness of what constitutes misconduct.

In our global whistleblower system, an ombudsman acts as a confidential point of contact to whom employees and external stakeholders can report suspicions of corruption. Once again, there were no indications of possible corruption at MTU during this reporting period. Furthermore, MTU was not the object of any significant monetary fines or criminal proceedings, nor were such proceedings pending. We will continue to pursue this goal in the future, and we view it as confirmation that our compliance management system is working.’


UN Global Compact Communication on Progress Report (2012-13), p. 29:
‘An ombudsman acts as a confidential contact person for information from managers, employees, suppliers, customers and partners in cases of suspected corruption. MTU risk management regularly evaluates corruption-related risks in organizational units as well as measures taken to minimize risk.”
(p.7):‘Persons who suspect that improper conduct is taking or has taken place can report their concerns in confidence to an ombudsman. Breaches of the Code of Conduct or applicable laws are followed up and suitably punished.’
https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Global_Compact.html

Company Website, Compliance Organization:
‘To ensure that unlawful acts of relevance to compliance can be reported, MTU has instituted an ombudsman; through the ombudsman, not only MTU employees, but also individuals not on MTU’s payroll may report known, suspected or alleged non-compliances.

Contact the ombudsman of MTU’
http://www.mtu.de/company/compliance/compliance-organization/
http://www.mtu.de/company/compliance/
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 are able to report to the ombudsman using the global whistleblowing system. 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 whistleblowing channel.

References:
Public:
UN Global Compact Communication on Progress Report (2013-14), p. 32:
‘Compliance Board
We regularly inspect all divisions for signs of possible corruption in order to ensure compliance at MTU. To this end, the company set up a superordinate Compliance Board, which is made up of the heads of the legal department, Corporate Audit and Corporate Security. The Compliance Board reports directly to the Executive Board at regular intervals. It is committed to fully clearing up reported suspicions and incidents of irregular behaviour and inspects consultancy contracts for potential corruption risks before they are signed. On top of this, consultancy contracts are also assessed by TRACE, an independent organization specialized in business practice transparency and due diligence reviews of agents, intermediaries and consultants. Only once the Compliance Board has given a positive recommendation does the CEO approve the conclusion or extension of a contract. ...
In our global whistleblower system, an ombudsman acts as a confidential point of contact to whom employees and external stakeholders can report suspicions of corruption.
Once again, there were no indications of possible corruption at MTU during this reporting period. Furthermore, MTU was not the object of any significant monetary fines or criminal proceedings, nor were such proceedings pending. We will continue to pursue this goal in the future, and we view it as confirmation that our compliance management system is working.’
An ombudsman acts as a confidential contact person for information from managers, employees, suppliers, customers and partners in cases of suspected corruption. MTU risk management regularly evaluates corruption-related risks in organizational units as well as measures taken to minimize risk.

Persons who suspect that improper conduct is taking or has taken place can report their concerns in confidence to an ombudsman. Breaches of the Code of Conduct or applicable laws are followed up and suitably punished.

https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Global_Compact.html
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, and that whistleblowers are treated supportively.

References:
Public:
TI notes:
UN Global Compact Communication on Progress Report (2013-14), p.32:
‘Compliance Board
We regularly inspect all divisions for signs of possible corruption in order to ensure compliance at MTU. To this end, the company set up a superordinate Compliance Board, which is made up of the heads of the legal department, Corporate Audit and Corporate Security. The Compliance Board reports directly to the Executive Board at regular intervals. It is committed to fully clearing up reported suspicions and incidents of irregular behavior and inspects consultancy contracts for potential corruption risks before they are signed. On top of this, consultancy contracts are also assessed by TRACE, an independent organization specialized in business practice transparency and due diligence reviews of agents, intermediaries and consultants. Only once the Compliance Board has given a positive recommendation does the CEO approve the conclusion or extension of a contract.
In our global whistleblower system, an ombudsman acts as a confidential point of contact to whom employees and external stakeholders can report suspicions of corruption. Once again, there were no indications of possible corruption at MTU during this reporting period. Furthermore, MTU was not the object of any significant monetary fines or criminal proceedings, nor were such proceedings pending. We will continue to pursue this goal in the future, and we view it as confirmation that our compliance management system is working.’
https://www.mtu-
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:
TI notes:
UN Global Compact Communication on Progress Report (2013-14), p. 32:
‘Compliance Board
We regularly inspect all divisions for signs of possible corruption in order to ensure compliance at MTU. To this end, the company set up a superordinate Compliance Board, which is made up of the heads of the legal department, Corporate Audit and Corporate Security. The Compliance Board reports directly to the Executive Board at regular intervals. It is committed to fully clearing up reported suspicions and incidents of irregular behavior and inspects consultancy contracts for potential corruption risks before they are signed. On top of this, consultancy contracts are also assessed by TRACE, an independent organization specialized in business practice transparency and due diligence reviews of agents, intermediaries and consultants. Only once the Compliance Board has given a positive recommendation does the CEO approve the conclusion or extension of a contract.

...Another of the Compliance Board’s key duties is to prevent misconduct and raise employees’ awareness of what constitutes misconduct.

...In our global whistleblower system, an ombudsman acts as a confidential point of contact to whom employees and external stakeholders can report suspicions of corruption.

Once again, there were no indications of possible corruption at MTU during this reporting period. Furthermore, MTU was not the object of any significant monetary fines or criminal proceedings, nor were such proceedings pending. We will continue to pursue this goal in the future, and we view it as confirmation that our compliance management system is working.’
A35:
Is there a commitment to non-retaliation for bona fide reporting of corruption?

Score:
0

Comments:
Based on public information, there is insufficient evidence that the company has a commitment to non-retaliation for bona fide reporting of corruption. The available information just mentions that the employees can report instances of corruption ‘in confidence’. There is no clear commitment of non-retaliation or protection for the employee in case of reporting an instance of corruption.

References:
Public:
TI notes:
UN Global Compact Communication on Progress Report (2013-14), p. 32:
‘Compliance Board
We regularly inspect all divisions for signs of possible corruption in order to ensure compliance at MTU. To this end, the company set up a superordinate Compliance Board, which is made up of the heads of the legal department, Corporate Audit and Corporate Security. The Compliance Board reports directly to the Executive Board at regular intervals. It is committed to fully clearing up reported suspicions and incidents of irregular behavior and inspects consultancy contracts for potential corruption risks before they are signed. On top of this, consultancy contracts are also assessed by TRACE, an independent organization specialized in business practice transparency and due diligence reviews of agents, intermediaries and consultants. Only once the Compliance Board has given a positive recommendation does the CEO approve the conclusion or extension of a contract. Transparency International, an independent organization that combats corruption worldwide, rated MTU’s approach in its dealings with intermediaries and sales consultants on a scale from 0 to 2 and awarded it top marks. In addition, our internal auditors conduct regular compliance audits, in which they scrutinize business processes and procedures in the company for legal conformity and adherence to internal guidelines.

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HTTP://WWW.MTU.DE/
employees’ awareness of what constitutes misconduct. First and foremost, this takes the form of compliance training courses for all employees, with special courses for employees and managers in positions of trust. These courses are repeated at regular intervals. In total, over 1,000 training hours have already been devoted to this issue to date. In 2013, compliance training courses were held for employees and managers in positions of trust in Germany; these courses will be held at the MTU site in Rzeszów, Poland, in 2014. In addition, compliance training is compulsory for all new employees working in areas with customer contact. In our global whistleblower system, an ombudsman acts as a confidential point of contact to whom employees and external stakeholders can report suspicions of corruption. Once again, there were no indications of possible corruption at MTU during this reporting period. Furthermore, MTU was not the object of any significant monetary fines or criminal proceedings, nor were such proceedings pending. We will continue to pursue this goal in the future, and we view it as confirmation that our compliance management system is working.’


UN Global Compact Communication on Progress Report (2012-13), p. 29:

‘An ombudsman acts as a confidential contact person for information from managers, employees, suppliers, customers and partners in cases of suspected corruption. MTU risk management regularly evaluates corruption-related risks in organizational units as well as measures taken to minimize risk.”

(p.7): “Persons who suspect that improper conduct is taking or has taken place can report their concerns in confidence to an ombudsman. Breaches of the Code of Conduct or applicable laws are followed up and suitably punished.’

https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Global_Compact.html
Information Sources:

Company website:  
www.mtu.de

MTU Aero Engines Code of Conduct (April 2007):  


UN Global Compact Communication on Progress Report (2012-13):  
https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Global_Compact.html

Sustainability Report (2012):  
https://www.mtu-mediapool.de/mediapool/firmendaten/mtu/flipbooks/MTU_Nachhaltigkeit_E.html