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>55%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>7</td>
<td>21.4%</td>
</tr>
<tr>
<td>Company Policy and Codes</td>
<td>12</td>
<td>41.7%</td>
</tr>
<tr>
<td>Training</td>
<td>5</td>
<td>50%</td>
</tr>
<tr>
<td>Personnel and Helplines</td>
<td>7</td>
<td>50%</td>
</tr>
<tr>
<td>Total</td>
<td>41</td>
<td>43.9%</td>
</tr>
</tbody>
</table>
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:

1

Comments:

Based on public information, there is evidence that the CEO has issued one strong statement in the last two years, which promotes the company’s whole ethics agenda. This statement can be found on the company’s website and CSR website. The company therefore scores 1. To score higher the company would need to have published several strong statements from the CEO or Chairman in the last two years that promotes its ethics and anti-corruption agenda. Alternatively, the company would need to have published one statement from the CEO or Chairman in the last two years, which supports the company’s strong stance against corruption.

References:

Public:
Company website: Corporate compliance

“Honesty, integrity, openness, and transparency—these are the principles that guide Rheinmetall. They are the principles for which we, the members of the Executive Board, and I personally, as Executive Board Chairman, stand. Ethical business conduct necessarily includes rigorous adherence to every principle of good corporate management. First and foremost, that means complying with our strict rules on how to act with integrity in dealings with business partners, fellow employees, shareholders, and the public. This applies throughout every business unit, at headquarters, and at every subsidiary in Germany and abroad. Yes, our desire is to bring every one of our transactions to a successful conclusion. However, we wish to conduct only those transactions that are in keeping with applicable laws and compatible with the rules of good corporate management and compliance. We must all make this a personal commitment, and it is what I expect of every employee at Rheinmetall. Otherwise, we will be harming Rheinmetall and impeding our future success.”

Armin Papperger, CEO of Rheinmetall'

Company CSR website: Corporate compliance

“Honesty, integrity, openness, and transparency—these are the principles that guide Rheinmetall. They are the principles for which we, the members of the Executive Board, and I personally, as Executive Board Chairman, stand. Ethical business conduct necessarily includes rigorous adherence to every principle of good corporate management. First and foremost, that means complying with our strict rules on how to act with integrity in dealings with business partners, fellow employees, shareholders, and the public. This applies throughout every business unit, at headquarters, and at every subsidiary in Germany and abroad. Yes, our desire is to bring every one of our transactions to a successful conclusion. However, we wish to conduct only those transactions that are in keeping with applicable laws and compatible with the rules of good corporate management and compliance. We must all make this a personal commitment, and it is what I expect of every employee at Rheinmetall. Otherwise, we will be harming Rheinmetall and impeding our future success.”

Armin Papperger, CEO of Rheinmetall

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 CEO demonstrates a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company. In articles dating from 2012 and 2013 CEO Armin Papperger briefly mentions the company’s compliance guidelines and transparency, but TI assesses this to be insufficient evidence of a personal commitment. Similarly, the company’s former CEO held the position of President of the ASD (2011-2012) and he is reported to have assisted with the preparation of the common industry standards (CIS). However, there is a lack of information to substantiate this, as evidence suggests that the CIS were adopted in 2007.

References:

Public:
Military Technology (October 2012):
Rheinmetall Defence - Interview with Armin Papperger, the Designated New Head of Rheinmetall
‘You will soon be taking over the helm of a prestigious, strongly positioned company. Where do you intend to make your personal mark?’
A. Papperger: In recent years, the Rheinmetall Executive Board has done an excellent job of steering the company in the right direction. Klaus Eberhardt, the CEO, and Dr. Herbert Müller, the CFO, have both seen to it that the division chiefs have been able to carry out our policy of internationalization.
Of course we have ideas for the future too. Over the next couple of years they will gradually become more transparent, but I hope you’ll understand if I don’t go into specifics today. It’s very important to me that we continue to pursue the well-defined strategy established by Klaus Eberhardt. In the process, transparency has a key role to play: people should know what we’re doing and why. And this is something that our shareholders, the analysts and other important groups all appreciate – and especially the customers! We want to keep...
things this way – this is something that’s very important to me personally.
Thank you.’


Rheinmetall enters into the Oil Business (September 2013), Handelsblatt:
Summary translation into English, message from the CEO related to compliance:
- ‘All employees are bound to adhere to compliance guidelines’

Company website: Involvement in associations and networks
‘The then CEO of Rheinmetall AG, Klaus Eberhardt, held the position of President of the ASD in the period 2011-2012. Under his leadership, the ASD focused on the preparation of Europe-wide common industry standards (CIS) for the prevention of corruption.’


ADS website: Business ethics
‘The Aerospace & Defence Industries Association of Europe (ASD) launched the European Ethics and Anti-Corruption Task Force at the Farnborough Air Show 2006 and ADS (then SBAC) joined the group as a founder member. The Task Force prepared Common Industry Standards (CIS) for anti-corruption to be applied across Europe which, after detailed consultations including independent advice from the International Chamber of Commerce, was approved by the ASD Council in April 2007. The CIS was then opened for adoption by the national trade associations of Europe and the SBAC September 2007 Council agreed to adopt the Standards at the ASD Convention on 4 October 2007 in Barcelona.’

https://www.adsgroup.org.uk/pages/83675783.asp

Handelsblatt German Financial Daily: Rheinmetall steigt ins Ölgeschäft ein (26 August 2013)
‘The planned deal is not without risks for Rheinmetall. The Dusseldorf company is a newcomer in oil and gas project business, and is entirely dependent on Ferrostaal’s expertise. Although the company from Essen has a network in the Arab region cultivated over decades, the bribery scandal relating to arms deals did massive damage to its reputation and cost the former owner MAN penalties and compensation payments totaling half a billion euro. The deal is also risky for Rheinmetall because the company has come under suspicion of corruption itself recently. German investigators are examining whether Rheinmetall bribed Greek officials in a submarine deal. The company is not commenting on the ongoing investigation. In India, a Swiss subsidiary has also been barred from contracts because it stands accused of bribery. Rheinmetall denies the accusation.
Papperger emphasized that “the employees of all companies in the Rheinmetall Group are bound by strict compliance guidelines.” He said that clean corporate governance is an established part of the company’s culture.’
[“Die mitarbeiter aller Gesellschaften im Rheinmetall-Konzern sind strengen Compliance-Richtlinien verpflichtet.”]
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 CEO 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:

2

Comments:

Based on public information, there is evidence that the company publishes a statement of values representing high standards of ethical business conduct, including integrity, honesty, openness, and transparency. These values are explained in company documents and on the company’s website.

References:

Public:
Company website: Corporate compliance

‘Rheinmetall’s reputation, its business success and the confidence of customers, investors, employees and the public in the Company depend not only on the quality of its products and services, but also to a large extent on good corporate governance. Rheinmetall firmly believes in sustainable corporate management and commits itself to impeccable conduct that is characterized by responsibility, integrity, respect and fairness, in line with its values and principles. The Company is an honest, loyal and reliable partner to its stakeholders. The members of its Executive Board and its managers, executives and employees have an obligation to conduct themselves correctly in business dealings, to protect Rheinmetall’s reputation, to preserve the Company’s tangible and intangible assets and to avoid anything that can result in operational or financial disadvantages or damage to the image of individual companies or the Group. It goes without saying that the Company acts in accordance with the law and complies with guidelines and regulations. Rheinmetall AG’s Executive Board takes a zero-tolerance approach to illegal and/or unethical behavior and to corrupt business practices, no matter what the circumstances. This policy was once again reinforced explicitly and unambiguously at the senior management conference in April 2014, which was attended by around 260 people.’

““Honesty, integrity, openness, and transparency—these are the principles that guide Rheinmetall. They are the principles for which we, the members of the Executive Board, and
I personally, as Executive Board Chairman, stand. Ethical business conduct necessarily includes rigorous adherence to every principle of good corporate management. First and foremost, that means complying with our strict rules on how to act with integrity in dealings with business partners, fellow employees, shareholders, and the public. This applies throughout every business unit, at headquarters, and at every subsidiary in Germany and abroad. Yes, our desire is to bring every one of our transactions to a successful conclusion. However, we wish to conduct only those transactions that are in keeping with applicable laws and compatible with the rules of good corporate management and compliance. We must all make this a personal commitment, and it is what I expect of every employee at Rheinmetall. Otherwise, we will be harming Rheinmetall and impeding our future success.”

Armin Papperger, CEO of Rheinmetall’


Annual Report 2012, p.63:

‘Rheinmetall’s reputation, its business success and the confidence of customers, investors, employees and the public in the Company depend not only on the quality of its products and services, but also to a large extent on good corporate governance. Rheinmetall firmly believes in sustainable corporate management and commits itself to impeccable conduct that is characterized by responsibility, integrity, respect and fairness, in line with its values and principles. The Company is an honest, loyal and reliable partner to its stakeholders. The members of its Executive Board and its managers, executives and employees have an obligation to conduct themselves correctly in business dealings, to protect Rheinmetall’s reputation, to preserve the Company’s tangible and intangible assets and to avoid anything that can result in operational or financial disadvantages or damage to the image of individual companies or the Group.’


Annual Report 2013, p.111:

‘It goes without saying that the Company acts in accordance with the law and complies with guidelines and regulations. Rheinmetall firmly believes in sustainable corporate management and commits itself to impeccable conduct that is characterized by responsibility, integrity, respect and fairness, in line with its values and principles. The Company is an honest, loyal and reliable partner to its stakeholders.’

(p.34): ‘Compliance

Operating in a way that is sustainable from an economic, ecological and social viewpoint is an essential element of Rheinmetall’s corporate culture. This also includes integrity in dealings with employees, business partners, shareholders and the public, which is expressed through exemplary conduct. Compliance includes all instruments, guidelines and measures which ensure that procedures in the companies of the Rheinmetall Group comply with country-specific legislation, general legal conditions, regulatory provisions and the
Company’s internal directives and that conduct in accordance with the law and regulations is assured. Compliance activities focus on corruption prevention, export controls and cartel law. The compliance organization is described in more detail on pages 111 to 113.’


Code of Conduct:

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 a member of the ASD Business Ethics Committee, the Berufsverband der Compliance Manager (BCM) and the Deutsches Institut für Compliance (DICO).

References:
Public:
Company website: Involvement in associations and networks
‘Rheinmetall is a founding member of the Aerospace and Defence Industries Association of Europe (ASD). Its Business Ethics Committee, in which Rheinmetall is also represented, developed the “Global Principles of Business Ethics for the Aerospace and Defence Industry” for the organization. Rheinmetall signed the declaration in September 2011. The then CEO of Rheinmetall AG, Klaus Eberhardt, held the position of President of the ASD in the period 2011-2012. Under his leadership, the ASD focused on the preparation of Europe-wide common industry standards (CIS) for the prevention of corruption.
Rheinmetall also attended the annual conference of the International Forum on Business Ethical Conduct (IFBEC) for the Aerospace and Defence Industry in Madrid in September 2012. This organization, whose members include large and well-known companies in the aerospace and defence industry, promotes responsible and ethical conduct in business dealings and is committed to global, industry-wide ethical standards in the aviation and defence industries.
Rheinmetall joined the Deutsches Institut für Compliance (German institute for compliance – DICO) in the reporting year. DICO is an association of companies and individuals aimed at promoting and developing compliance standards. Furthermore, Compliance Officers enrolled in the 2013 newly established Federation of German Compliance Managers.’
BCM website: Members list
Rheinmetall AG is listed.
http://www.bvdcmb.de/mitgliederliste
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 evidence that the Executive Board and the Audit committee have overall responsibility for the compliance policy of the company. The Chief Compliance Officer reports directly to the CEO – who is a member of the Executive Board – and regularly informs the Audit Committee and plenary assembly of the Supervisory Board. The Audit Committee deals specifically with compliance issues, but there are no clear terms of reference detailing what this responsibility entails. The company therefore scores 1.

References:
Public:
Company website: Compliance organisation
‘The central body of the compliance organization is the Compliance team, which is headed by the Chief Compliance Officer, who reports directly to the CEO of Rheinmetall AG. Experienced technical and managerial staff from the Group and the holding company's central departments is represented in this network. Compliance officers are appointed in the Group companies, meaning that employees have a direct point of contact regarding this issue in their immediate work environment and are able to seek help and guidance.

The Chief Compliance Officer, who attends meetings of the Executive and Supervisory Boards, keeps the Executive Board, the Supervisory Board’s Audit Committee and the plenary assembly of the Supervisory Board regularly informed of the status and effectiveness of the compliance management system and of the latest developments. In serious cases, the committees are informed immediately.’

Annual Report (2013), p.6:
‘Audit Committee – At its meetings in March, May, August, November and December 2013, the Audit Committee addressed the single-entity and consolidated financial statements and
the Executive Board’s proposal for the appropriation of net income and the dividend, monitoring the accounting process and the effectiveness of the internal control system, the risk management system and the internal auditing system. Prior to publication, the quarterly and semi-annual results were discussed in detail with the Executive Board. The Audit Committee obtained the declaration of independence from the auditors required in accordance with the German Corporate Governance Code and prepared the Supervisory Board’s proposal to the Annual General Meeting for the election of the auditor for fiscal 2013. Other issues discussed at meetings included developments of the risk management and compliance management system.

At the December meeting, Dr. Andreas Beyer, in his role as head of Group auditing, presented Internal Auditing’s report on audit activities in the past fiscal year, the results of the 2013 audits and the planning of audits for 2014 as scheduled.

Dr. Andreas Beyer, in his role as Chief Compliance Officer, also presented the compliance report for 2013 and gave an overview of the status of the compliance organization.

Company website: Committees

‘Audit Committee – It is the job of the Audit Committee to support the Supervisory Board when performing its supervisory functions. It looks in particular at the consolidated and single-entity financial statements and quarterly accounts and – in addition to the accounting process – the adequacy and effectiveness of the internal control system, Internal Auditing, the risk management system and compliance. Its activities also include monitoring the independence and selection of the auditor, determining the focal points of the audit and agreeing the fees.’

Company website: Compliance

‘It is the job of the Audit Committee to support the Supervisory Board when performing its supervisory functions. It reviews the quarterly accounts and the half-yearly financial report and prepares resolutions of the Supervisory Board for the adoption of the single-entity financial statements and the approval of the consolidated financial statements. The Audit Committee monitors the accounting process and the effectiveness of the internal control system, the risk management system and the internal auditing system. In addition, the Audit Committee deals with compliance issues.’

(p.88):

‘The Chief Compliance Officer regularly reports to the Executive Board and the Supervisory Board’s Audit Committee on current developments as regards compliance.’

(p. 112):

COMPLIANCE ORGANIZATION

‘The central body of the compliance organization is the Compliance team, which is headed by the Chief Compliance Officer, who reports directly to the CEO of Rheinmetall AG. Experienced experts and managerial staff from the Group and the holding company’s’
central departments is represented in this network. Compliance officers are appointed in the Group companies, meaning that employees have a direct point of contact regarding this issue in their immediate work environment and are able to seek help and guidance.

The Chief Compliance Officer, who attends meetings of the Executive and Supervisory Boards, keeps the Executive Board, the Supervisory Board’s Audit Committee and the plenary assembly of the Supervisory Board regularly informed of the status and effectiveness of the compliance management system and of the latest developments. In serious cases, the committees are informed immediately.

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: 2

Comments: Based on public information, there is evidence that the company has appointed Chief Compliance Officer Dr. Andreas Beyer, with responsibility for implementing the company’s ethics and anti-corruption agenda. The Chief Compliance Officer has a direct reporting line to the CEO.

References:
Public:
Company website: Compliance organisation
‘The central body of the compliance organization is the Compliance team, which is headed by the Chief Compliance Officer, who reports directly to the CEO of Rheinmetall AG. Experienced technical and managerial staff from the Group and the holding company's central departments is represented in this network. Compliance officers are appointed in the Group companies, meaning that employees have a direct point of contact regarding this issue in their immediate work environment and are able to seek help and guidance.

The Chief Compliance Officer, who attends meetings of the Executive and Supervisory Boards, keeps the Executive Board, the Supervisory Board’s Audit Committee and the plenary assembly of the Supervisory Board regularly informed of the status and effectiveness of the compliance management system and of the latest developments. In serious cases, the committees are informed immediately.’


Annual Report 2013, p.196:
‘Dr. Andreas Beyer, LL.M.
Sindelfingen
Law, Internal Auditing, Merger & Acquisitions,'
Chief Compliance Officer

(p.6): ‘Audit Committee – At its meetings in March, May, August, November and December 2013, the Audit Committee addressed the single-entity and consolidated financial statements and the Executive Board’s proposal for the appropriation of net income and the dividend, monitoring the accounting process and the effectiveness of the internal control system, the risk management system and the internal auditing system. Prior to publication, the quarterly and semi-annual results were discussed in detail with the Executive Board. The Audit Committee obtained the declaration of independence from the auditors required in accordance with the German Corporate Governance Code and prepared the Supervisory Board’s proposal to the Annual General Meeting for the election of the auditor for fiscal 2013. Other issues discussed at meetings included developments of the risk management and compliance management system.

At the December meeting, Dr. Andreas Beyer, in his role as head of Group auditing, presented Internal Auditing’s report on audit activities in the past fiscal year, the results of the 2013 audits and the planning of audits for 2014 as scheduled.

Dr. Andreas Beyer, in his role as Chief Compliance Officer, also presented the compliance report for 2013 and gave an overview of the status of the compliance organization’
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 limited evidence of regular Board level monitoring of the performance of the company’s ethics and anti-corruption agenda. TI notes that the Chief Compliance Officer presented the compliance report for 2013 to the Audit Committee and gave an overview of the status of the compliance organisation. The company therefore scores 1. To score higher the company would need to provide further information regarding the compliance report, including evidence that it forms part of a major periodic review process that occurs at least annually.

References:
Public:
Company website: Compliance organisation
‘The central body of the compliance organization is the Compliance team, which is headed by the Chief Compliance Officer, who reports directly to the CEO of Rheinmetall AG. Experienced technical and managerial staff from the Group and the holding company’s central departments is represented in this network. Compliance officers are appointed in the Group companies, meaning that employees have a direct point of contact regarding this issue in their immediate work environment and are able to seek help and guidance.

The Chief Compliance Officer, who attends meetings of the Executive and Supervisory Boards, keeps the Executive Board, the Supervisory Board’s Audit Committee and the plenary assembly of the Supervisory Board regularly informed of the status and effectiveness of the compliance management system and of the latest developments. In serious cases, the committees are informed immediately.’

Annual Report 2013, p.6:
‘Audit Committee – At its meetings in March, May, August, November and December 2013, the Audit Committee addressed the single-entity and consolidated financial statements and
the Executive Board’s proposal for the appropriation of net income and the dividend, monitoring the accounting process and the effectiveness of the internal control system, the risk management system and the internal auditing system. Prior to publication, the quarterly and semi-annual results were discussed in detail with the Executive Board. The Audit Committee obtained the declaration of independence from the auditors required in accordance with the German Corporate Governance Code and prepared the Supervisory Board’s proposal to the Annual General Meeting for the election of the auditor for fiscal 2013. Other issues discussed at meetings included developments of the risk management and compliance management system.

At the December meeting, Dr. Andreas Beyer, in his role as head of Group auditing, presented Internal Auditing’s report on audit activities in the past fiscal year, the results of the 2013 audits and the planning of audits for 2014 as scheduled. Dr. Andreas Beyer, in his role as Chief Compliance Officer, also presented the compliance report for 2013 and gave an overview of the status of the compliance organization’
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 of 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.

References:
Public:
TI notes:
Company website: Compliance organisation
‘The central body of the compliance organization is the Compliance team, which is headed by the Chief Compliance Officer, who reports directly to the CEO of Rheinmetall AG. Experienced technical and managerial staff from the Group and the holding company's central departments is represented in this network. Compliance officers are appointed in the Group companies, meaning that employees have a direct point of contact regarding this issue in their immediate work environment and are able to seek help and guidance.
The Chief Compliance Officer, who attends meetings of the Executive and Supervisory Boards, keeps the Executive Board, the Supervisory Board’s Audit Committee and the plenary assembly of the Supervisory Board regularly informed of the status and effectiveness of the compliance management system and of the latest developments. In serious cases, the committees are informed immediately.’

Annual Report 2013, p.6:
‘Audit Committee – At its meetings in March, May, August, November and December 2013, the Audit Committee addressed the single-entity and consolidated financial statements and
the Executive Board’s proposal for the appropriation of net income and the dividend, monitoring the accounting process and the effectiveness of the internal control system, the risk management system and the internal auditing system. Prior to publication, the quarterly and semi-annual results were discussed in detail with the Executive Board. The Audit Committee obtained the declaration of independence from the auditors required in accordance with the German Corporate Governance Code and prepared the Supervisory Board’s proposal to the Annual General Meeting for the election of the auditor for fiscal 2013. Other issues discussed at meetings included developments of the risk management and compliance management system.

At the December meeting, Dr. Andreas Beyer, in his role as head of Group auditing, presented Internal Auditing’s report on audit activities in the past fiscal year, the results of the 2013 audits and the planning of audits for 2014 as scheduled.

Dr. Andreas Beyer, in his role as Chief Compliance Officer, also presented the compliance report for 2013 and gave an overview of the status of the compliance organization’
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:

2

Comments:
Based on public information, there is 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. The company website clearly states that the compliance team reviews the compliance management system if any breach of compliance regulations is suspected or discovered, and updates it at regular intervals in the light of new findings.

References:
Public:
Company website: Compliance management system
‘All employees are asked to play an active part in implementing and observing the compliance management system in their area of responsibility. The Compliance team adapts the compliance management system to the applicable legal requirements, updates it at regular intervals in the light of new findings and reviews it on an ad-hoc basis if any breach of compliance regulations is suspected or discovered. Implementation of the compliance management system is monitored through reports by compliance officers and reviews by Internal Auditing.’

‘Proven misconduct is sanctioned and entails organizational measures and consequences under labor law, civil law and criminal law. Isolated cases have been reported in past years in which Rheinmetall’s regulations have been breached. These were investigated and measures taken where necessary to stop misconduct.’

[Link to Rheinmetall website]

Annual Report 2013, p.111:
‘The Compliance team adapts the compliance management system to the applicable legal requirements, updates it at regular intervals in the light of new findings and reviews it on an
ad-hoc basis if any breach of compliance regulations is suspected or discovered. Implementation of the compliance management system is monitored through reports by compliance officers and reviews by Internal Auditing.”
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. TI notes that the company states that compliance is one of the risk aspects in decision-making processes, of the company’s strategic, operational and day-to-day business practices. The company therefore scores 1. To score higher, the company would need to provide further information regarding the anti-corruption risk assessment, including how it should be applied and who owns the mitigation plans.

References:
Public:
Company website: Risk management
‘The risk policy is geared in particular towards business risks, financial risks and specific division risks. The Executive Board determines the Group’s risk strategy and defines accountabilities, reporting structures, documentation and management of identified risks, and thresholds.
The standardized Group-wide risk management system aimed at identifying material developments jeopardizing the continued existence of the Company at an early stage is characterized by the principle of caution. The Executive Board determines the Group’s risk strategy and defines accountabilities, management and documentation of identified risks, and thresholds. Risk management, which is geared towards financial resources as well as strategic and operational planning, is considered a primary responsibility of the heads of the divisions and central departments as well as process and project managers.
The Group-wide reporting and control system is designed to detect, record, analyze and control business and financial risks to which the Company is exposed in the context of its international activities. This is intended to ensure that corporate decisions and ongoing business activities are kept within defined risk limits and comply with legal requirements.’
Company website: Compliance management system

‘Compliance is taken into account among risk aspects in decision-making processes, not only in considerations relating to the Rheinmetall Group’s strategic and operational focus, but also in day-to-day business practices. The appropriate procedure is set out in the guides to the early risk identification system, which are used as the basis for the annual risk inventory and monthly risk reports.’

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 limited evidence that the company has a formal anti-corruption risk assessment procedure for assessing proposed business decisions. The company states that as part of corporate governance and compliance, extensive and detailed due diligence checks must be performed when acquisitions or joint venture activities are initiated. The company therefore scores 1. To score higher the company would need to provide evidence of how these due diligence procedures should be applied and provide information on anti-corruption risk assessment procedures for other business decisions, such as moving into new markets.

References:

Public:
Company website: Compliance management system
‘As part of corporate governance and compliance, extensive and detailed due diligence checks must also be performed when acquisitions or joint venture activities are initiated.’

Annual Report 2013, p.86:
‘Acquisition And Integration Risks
Acquisitions, joint ventures and strategic partnerships are still a key component of Rheinmetall’s ongoing internationalization and growth strategy which are used to improve market positions, add more products to existing business areas, tap into new markets with growth potential and gain innovative technologies. Prior to a potential transaction, companies are examined with regard to their future prospects and earnings potential as part of an extensive, systematic due diligence process. They are also subjected to a careful analysis of opportunities and risks and are assessed on the basis of yield/risk considerations. Following approval proceedings carried out over several stages, the Executive Board and,
where necessary, the Supervisory Board of Rheinmetall AG decides on the acquisition project. Once the transaction has been completed, the companies are integrated in the relevant division on the basis of schedules and milestone planning. However, objectives, growth and margin expectations and potential synergies aimed at through the transaction may not be achieved or not to the planned extent. The integration process in existing operational structures can also prove more difficult, time-consuming and costly than expected. Risks can arise in connection with the activities of newly acquired companies that were either not previously known or not considered significant.

Annual Report 2012, p.65:
‘Sales agents and advisers undergo extensive due diligence checks in accordance with defined process steps, in which the level of detail is determined by the current country rating from Transparency International (Corruption Perception Index), among other factors. The division for which the potential business partner is to work must explain to the compliance officer why this sales agent or consultant was chosen and, with the support of the compliance officer, performs a risk analysis and assessment. Meta-search engines and special databases such as Lexis and RepRisk are used to conduct an initial check, along with lists of sanctions. Potential business partners must also submit documents such as self-declarations, extracts from the commercial register and bank certificates as proof of their business organization. Depending on the results of these initial analyses, a more in-depth investigation may be commenced. Only once all those involved in the check have given their approval for the hiring of the potential business partner as part of a formalized process can contract negotiations begin. Contracts also include provisions stating that the sales agent or adviser must regularly provide proof that his remuneration is in reasonable proportion to the services he has provided.

As part of corporate governance and compliance, extensive and detailed due diligence checks must also be performed when acquisitions or joint venture activities are initiated.’

Company website: Compliance management system
‘Compliance is taken into account among risk aspects in decision-making processes, not only in considerations relating to the Rheinmetall Group’s strategic and operational focus, but also in day-to-day business practices. The appropriate procedure is set out in the guides to the early risk identification system, which are used as the basis for the annual risk inventory and monthly risk reports.’

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 evidence that the company conducts due diligence that minimises corruption risk when selecting or reappointing its agents. The company therefore scores 1. To score higher the company would need to provide evidence that the due diligence is refreshed at least every 3 years and/or when there is a significant change in the business relationship.

References:

Public:
Company website: Compliance management system
‘Sales agents and advisers undergo extensive due diligence checks in accordance with defined process steps, in which the level of detail is determined by the current country rating from Transparency International (Corruption Perception Index), among other factors. The division for which the potential business partner is to work must explain to the compliance officer why this sales agent or consultant was chosen and, with the support of the compliance officer, performs a risk analysis and assessment. Meta-search engines and special databases such as Lexis and RepRisk are used to conduct an initial check, along with lists of sanctions. Potential business partners must also submit documents such as self-declarations, extracts from the commercial register and bank certificates as proof of their business organization. Depending on the results of these initial analyses, a more in-depth investigation may be commenced. Only once all those involved in the check have given their approval for the hiring of the potential business partner as part of a formalized process can contract negotiations begin. Contracts also include provisions stating that the sales agent or adviser must regularly provide proof that his remuneration is in reasonable proportion to the services he has provided.’
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. TI notes that company contracts include provisions that sales agents must regularly provide proof that their remuneration is in reasonable proportion to the services they provide.

References:
Public:
TI notes:
Company website: Compliance management system
‘Sales agents and advisers undergo extensive due diligence checks in accordance with defined process steps, in which the level of detail is determined by the current country rating from Transparency International (Corruption Perception Index), among other factors. The division for which the potential business partner is to work must explain to the compliance officer why this sales agent or consultant was chosen and, with the support of the compliance officer, performs a risk analysis and assessment. Meta-search engines and special databases such as Lexis and RepRisk are used to conduct an initial check, along with lists of sanctions. Potential business partners must also submit documents such as self-declarations, extracts from the commercial register and bank certificates as proof of their business organization. Depending on the results of these initial analyses, a more in-depth investigation may be commenced. Only once all those involved in the check have given their approval for the hiring of the potential business partner as part of a formalized process can contract negotiations begin. Contracts also include provisions stating that the sales agent or adviser must regularly provide proof that his remuneration is in reasonable proportion to the services he has provided.’
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, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance. TI notes that the company states business partners should ‘apply and take into account’ the principles contained in the Code of Conduct, but it is not clear that contracts contain provisions to this effect and the consequences for non-compliance.

References:

Public:
TI notes:
Company CSR website: Customers and Suppliers
‘Rheinmetall expects its suppliers to share the principles of the Rheinmetall Group with respect to responsible and fair behavior toward employees, customers, suppliers and the public and to realize this responsibility accordingly. Rheinmetall expressly supports and encourages its business partners to apply and take into account the principles stipulated in the Group's Code of Conduct in their own corporate policy and sees this as a beneficial basis for further business relationships.’

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

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company explicitly addresses the corruption risks associated with offset contracting.

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

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 its offset partners and offset brokers.

References:
Public:
TI notes:
Company website: Compliance management system
‘Sales agents and advisers undergo extensive due diligence checks in accordance with defined process steps, in which the level of detail is determined by the current country rating from Transparency International (Corruption Perception Index), among other factors. The division for which the potential business partner is to work must explain to the compliance officer why this sales agent or consultant was chosen and, with the support of the compliance officer, performs a risk analysis and assessment. Meta-search engines and special databases such as Lexis and RepRisk are used to conduct an initial check, along with lists of sanctions. Potential business partners must also submit documents such as self-declarations, extracts from the commercial register and bank certificates as proof of their business organization. Depending on the results of these initial analyses, a more in-depth investigation may be commenced. Only once all those involved in the check have given their approval for the hiring of the potential business partner as part of a formalized process can contract negotiations begin. Contracts also include provisions stating that the sales agent or adviser must regularly provide proof that his remuneration is in reasonable proportion to the services he has provided.’
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 some evidence that the company has an anti-corruption policy that prohibits corruption in its various forms. The company states on its website that it has a zero-tolerance approach to corrupt business practices. However, the company does not publish a policy document or code of conduct that expands and explains this statement. The company therefore scores 1. To score higher the company would need to provide evidence that it explicitly addresses the forms that corruption might take, including bribery, kickbacks and facilitation payments.

References:

Public:
Company website: Corporate Compliance
‘It goes without saying that the Company acts in accordance with the law and complies with guidelines and regulations. Rheinmetall AG’s Executive Board takes a zero-tolerance approach to illegal and/or unethical behavior and to corrupt business practices, no matter what the circumstances. This policy was once again reinforced explicitly and unambiguously at the senior management conference in April 2014, which was attended by around 260 people.’

2012 Annual Report, p.63:
‘In addition to the respective laws of export countries, guidelines of the European Union and anti-corruption laws such as the US Foreign Corrupt Practices Act and the UK Bribery Act, which came into force in the UK in mid-2011, must be strictly observed. Demands on companies have therefore become more diverse.’

Company website: Compliance management system
All employees – from the Executive Board to managers and executives and employees in the operating and administrative units – are obliged to observe binding regulations in the context of their duties and activities, including the following:

- Compliance guidelines
- Code of Conduct
- Guidelines on weapons of war and export controls for the Federal Republic of Germany
- Guidelines on export control laws of other countries
- Guidelines on the prevention of corruption and other criminal offenses
- Guidelines on managing offset obligations
- Guidelines on IT security
- Guidelines on corporate safety
- Guidelines on weapons legislation in the Federal Republic of Germany
- Guidelines on dealing with gifts
- Guidelines on dealing with hospitality
- Guidelines on dealing with invitations to events
- Guidelines on social media.

The documents are stored on the Intranet where they can be accessed easily and located quickly.

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

Score:

2

Comments:
Based on public information, there is evidence that the company's anti-corruption policy is explicitly one of zero tolerance.

References:
Public:
Annual Report 2013, p.111:
‘Rheinmetall AG’s Executive Board take a zero-tolerance approach to illegal and/or unethical behavior and to corrupt business practices, no matter what the circumstances.’

Company website: Corporate Compliance
‘It goes without saying that the Company acts in accordance with the law and complies with guidelines and regulations. Rheinmetall AG’s Executive Board takes a zero-tolerance approach to illegal and/or unethical behavior and to corrupt business practices, no matter what the circumstances. This policy was once again reinforced explicitly and unambiguously at the senior management conference in April 2014, which was attended by around 260 people.’
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 evidence that the company's ethics and anti-corruption policies are easily accessible to Board members and employees on the company intranet. However, there is no readily available evidence to suggest that third parties have access, preventing the company from scoring higher. The company therefore scores 1.

References:
Public:
Company website: Compliance management system
‘All employees – from the Executive Board to managers and executives and employees in the operating and administrative units – are obliged to observe binding regulations in the context of their duties and activities, including the following:
• Compliance guidelines
• Code of Conduct
• Guidelines on weapons of war and export controls for the Federal Republic of Germany
• Guidelines on export control laws of other countries
• Guidelines on the prevention of corruption and other criminal offenses
• Guidelines on managing offset obligations
• Guidelines on IT security
• Guidelines on corporate safety
• Guidelines on weapons legislation in the Federal Republic of Germany
• Guidelines on dealing with gifts
• Guidelines on dealing with hospitality
• Guidelines on dealing with invitations to events
• Guidelines on social media.
The documents are stored on the Intranet where they can be accessed easily and located quickly.’
http://www.rheinmetall.de/en/rheinmetall_ag/group/corporate_compliance/compliance
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 insufficient evidence that the company’s ethics and anti-corruption policies are easily understandable and clear to Board members, employees and third parties. The Code of Conduct does not specifically pertain to ethics and anti-corruption, and other policies are not publicly accessible.

References:
Public:
NA
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 ethics and anti-corruption policies explicitly apply to all employees and the Executive Board.

References:

Public:
Company website: Compliance management system
‘All employees – from the Executive Board to managers and executives and employees in the operating and administrative units – are obliged to observe binding regulations in the context of their duties and activities, including the following:

- Compliance guidelines
- Code of Conduct
- Guidelines on weapons of war and export controls for the Federal Republic of Germany
- Guidelines on export control laws of other countries
- Guidelines on the prevention of corruption and other criminal offenses
- Guidelines on managing offset obligations
- Guidelines on IT security
- Guidelines on corporate safety
- Guidelines on weapons legislation in the Federal Republic of Germany
- Guidelines on dealing with gifts
- Guidelines on dealing with hospitality
- Guidelines on dealing with invitations to events
- Guidelines on social media.

The documents are stored on the Intranet where they can be accessed easily and located quickly.’

Annual Report 2013, p.111:

‘The members of the Executive Board and managers, executives and employees have an obligation to conduct themselves correctly in business dealings, to protect Rheinmetall’s reputation, to preserve the Company’s tangible and intangible assets and to avoid anything that can result in operational or financial disadvantages or damage to the image of individual companies or the Group.’
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 that applies to both employees and Board members. However, TI notes that a clearly worded definition and examples of potential conflicts of interest are not provided. The company therefore scores 1.

References:
Public:
Company website: Conflicts of interest
‘In making decisions and performing their duties, members of the Executive and Supervisory Boards must not pursue their personal interests or take advantage of any business opportunities arising for the Company for their own personal gain, or grant unfair advantages to other persons. In accordance with Section 4.3.4 and Section 5.5.2 of the German Corporate Governance Code, any potential conflicts of interest involving members of the Supervisory Board or Executive Board must be disclosed immediately.
Each employee is committed to the best interests of the Company. Personal interests and Company interests must be kept strictly separate and no personal advantages are permitted. In accordance with the compliance guidelines, employees of the Rheinmetall Group are required to avoid conflicts of interest between their personal and business relationships. In the event of any suspected or actual conflict of interest, they have an obligation to inform their line managers, who will decide on further action together with the compliance officer or Chief Compliance Officer.’

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 Corporate Compliance Officer states in the company magazine that the company has a traffic light system for gift exchange. However, TI is unable to fully analyse the policy as it is not publically available. The company therefore scores 1. To score higher the company would need to provide clear evidence that it sets upper limits on the acceptable value of gifts and/or specific thresholds necessary for senior authorisation.

References:
Public:
Company website: Compliance management system
‘All employees – from the Executive Board to managers and executives and employees in the operating and administrative units – are obliged to observe binding regulations in the context of their duties and activities, including the following:
- Compliance guidelines
- Code of Conduct
- Guidelines on weapons of war and export controls for the Federal Republic of Germany
- Guidelines on export control laws of other countries
- Guidelines on the prevention of corruption and other criminal offenses
- Guidelines on managing offset obligations
- Guidelines on IT security
- Guidelines on corporate safety
- Guidelines on weapons legislation in the Federal Republic of Germany
- Guidelines on dealing with gifts
- Guidelines on dealing with hospitality
- Guidelines on dealing with invitations to events
- Guidelines on social media.
The documents are stored on the Intranet where they can be accessed easily and located.
Newsline 1 (2013), pp.8-9:

‘Newsline: At the end of 2012, Rheinmetall approved a new guideline on dealing with gifts and benefits. In which areas do you as the responsible Compliance Officer expect the largest number of benefits requiring approval?

Salzmann: The guidelines identify three types of benefit: gifts, hospitality and invitations. A traffic light system helps staff to assess what is possible and what would definitely not be approved. With the previous set of rules, we were approached in all three areas so this is why we have now introduced a categorisation. Generally, most questions will relate to the area of gifts and hospitality, especially in the pre-Christmas period when larger numbers of small presents like calendars and wine are sent to our employees by business partners and customer representatives. The value threshold of €100 is easily reached when invited out to Christmas dinners.

Newsline: Benefits are permitted if they are deemed to be within reasonable limits. What does this mean?

Salzmann: These limits – as set out in the new guidelines are initially defined by us Rheinmetall AG. The prime objective is the appropriateness of the benefit in question. Although the term “appropriateness” leaves scope for interpretation, the gut feeling of any member of the workforce will generally give an indication as to what is appropriate and what isn’t. This is particularly true for the assessment of benefits given an amber light in our new traffic light system. Furthermore, we also use internal regulations e.g. of our customers like state authorities for orientation. The valid limits relating to the gifts and benefits which officials are allowed to accept and related punishable offences are also used for orientation. We naturally also look at the rules and regulations of other companies listed in the Dax and MDax stock index.’
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 Corporate Compliance Officer states in the company magazine that the company has a traffic light system for hospitality exchange. However, TI is unable to fully analyse the policy as it is not publically available. The company therefore scores 1. To score higher the company would need to provide clear evidence that it sets upper limits on the acceptable value of hospitality and/or specific thresholds necessary for senior authorisation.

References:

Public:
Company website: Compliance management system
‘All employees – from the Executive Board to managers and executives and employees in the operating and administrative units – are obliged to observe binding regulations in the context of their duties and activities, including the following:

- Compliance guidelines
- Code of Conduct
- Guidelines on weapons of war and export controls for the Federal Republic of Germany
- Guidelines on export control laws of other countries
- Guidelines on the prevention of corruption and other criminal offenses
- Guidelines on managing offset obligations
- Guidelines on IT security
- Guidelines on corporate safety
- Guidelines on weapons legislation in the Federal Republic of Germany
- Guidelines on dealing with gifts
- Guidelines on dealing with hospitality
- Guidelines on dealing with invitations to events
Guidelines on social media.
The documents are stored on the Intranet where they can be accessed easily and located quickly.’

Newslie 1 (2013), pp.8-9:
‘Newsline: At the end of 2012, Rheinmetall approved a new guideline on dealing with gifts and benefits. In which areas do you as the responsible Compliance Officer expect the largest number of benefits requiring approval?
Salzmann: The guidelines identify three types of benefit: gifts, hospitality and invitations. A traffic light system helps staff to assess what is possible and what would definitely not be approved. With the previous set of rules, we were approached in all three areas so this is why we have now introduced a categorisation. Generally, most questions will relate to the area of gifts and hospitality, especially in the pre-Christmas period when larger numbers of small presents like calendars and wine are sent to our employees by business partners and customer representatives. The value threshold of € 100 is easily reached when invited out to Christmas dinners.
Newsline: Benefits are permitted if they are deemed to be within reasonable limits. What does this mean?
Salzmann: These limits – as set out in the new guidelines are initially defined by us Rheinmetall AG. The prime objective is the appropriateness of the benefit in question. Although the term “appropriateness” leaves scope for interpretation, the gut feeling of any member of the work force will generally give an indication as to what is appropriate and what isn’t. This is particularly true for the assessment of benefits given an amber light in our new traffic light system. Furthermore, we also use internal regulations e.g. of our customers like state authorities for orientation. The valid limits relating to the gifts and benefits which officials are allowed to accept and related punishable offences are also used for orientation. We naturally also look at the rules and regulations of other companies listed in the Dax and MDax stock index.’
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:

1

Comments:

Based on public information, there is some evidence that the company regulates political contributions in order to prevent undue influence or other corrupt intent. The company states that donations to political parties must gain approval from the Executive Board. The company therefore scores 1. To score higher the company would need to provide guidelines on the application of the regulations and recipients must be publically declared.

References:

Public:

Company website: Representation of Rheinmetall’s interests
‘Rheinmetall is present wherever discussions are held and decisions are made with political, economic or social representatives. The Group represents its own interests and those of its stakeholders on an open and transparent basis and plays a constructive part in finding viable solutions with governments and administrations and representatives of associations and trade unions. Rheinmetall Defence has representative offices in Berlin, Bonn and Koblenz. The Defence sector is also represented at European level in Brussels. Rheinmetall does not dispatch any employees to, or employ any staff at, ministries. Donations to democratic political parties are subject to the law and fall within the scope of responsibility of the Executive Board of Rheinmetall AG, which is restrictive with regard to approval.’

Company website: Politics and administration:
Rheinmetall Defense has representative offices in Berlin, Bonn and Koblenz. The company’s Defense department also works at European level in Brussels. Rheinmetall does not delegate or employ anyone in ministries. Contributions to democratic political parties comply strictly with laws and require approval from the Executive Board of Rheinmetall AG.
Annual Report 2012, p.67:

‘Rheinmetall is present wherever discussions are held and decisions are made with political, economic or social representatives. The Group represents its own interests and those of its stakeholders on an open and transparent basis and plays a constructive part in finding viable solutions with governments and administrations and representatives of associations and trade unions. Rheinmetall Defence has representative offices in Berlin, Bonn and Koblenz. The Defence sector is also represented at European level in Brussels. Rheinmetall does not dispatch any employees to, or employ any staff at, ministries. Donations to democratic political parties are subject to the law and fall within the scope of responsibility of the Executive Board of Rheinmetall AG, which is restrictive with regard to approval.’
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:
TI notes:
Company website: Representation of Rheinmetall’s interests
‘Rheinmetall is present wherever discussions are held and decisions are made with political, economic or social representatives. The Group represents its own interests and those of its stakeholders on an open and transparent basis and plays a constructive part in finding viable solutions with governments and administrations and representatives of associations and trade unions. Rheinmetall Defence has representative offices in Berlin, Bonn and Koblenz. The Defence sector is also represented at European level in Brussels. Rheinmetall does not dispatch any employees to, or employ any staff at, ministries. Donations to democratic political parties are subject to the law and fall within the scope of responsibility of the Executive Board of Rheinmetall AG, which is restrictive with regard to approval.’

Annual Report 2012, p.67:
‘Rheinmetall is present wherever discussions are held and decisions are made with political, economic or social representatives. The Group represents its own interests and those of its stakeholders on an open and transparent basis and plays a constructive part in finding viable solutions with governments and administrations and representatives of associations and trade unions. Rheinmetall Defence has representative offices in Berlin, Bonn and Koblenz. The Defence sector is also represented at European level in Brussels. Rheinmetall does not dispatch any employees to, or employ any staff at, ministries. Donations to democratic
political parties are subject to the law and fall within the scope of responsibility of the Executive Board of Rheinmetall AG, which is restrictive with regard to approval.’
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.

References:
Public:
TI notes:
Company website: Corporate citizenship
‘Companies in the Rheinmetall Group are strongly connected to their sites and therefore get involved in the areas of science and education, art and culture, as well as providing direct support for various local social projects and charitable organizations. Decisions about which projects to support are made by the management of the respective companies or by the Executive Board of Rheinmetall AG.’

Company website: Representation of Rheinmetall’s interests
‘Rheinmetall is present wherever discussions are held and decisions are made with political, economic or social representatives. The Group represents its own interests and those of its stakeholders on an open and transparent basis and plays a constructive part in finding viable solutions with governments and administrations and representatives of associations and trade unions. Rheinmetall Defence has representative offices in Berlin, Bonn and Koblenz. The Defence sector is also represented at European level in Brussels. Rheinmetall does not dispatch any employees to, or employ any staff at, ministries. Donations to democratic political parties are subject to the law and fall within the scope of responsibility of the Executive Board of Rheinmetall AG, which is restrictive with regard to approval.’
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:

1

Comments:

Based on public information, there is limited evidence that the company provides written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda. Employees have access to compliance guidelines and a Code of Conduct. The company therefore scores 1. To score higher the company would need to provide evidence of written guidance that contains examples to illustrate particular situations.

References:

Public:
Company website: Compliance management system
‘All employees – from the Executive Board to managers and executives and employees in the operating and administrative units – are obliged to observe binding regulations in the context of their duties and activities, including the following:
• Compliance guidelines
• Code of Conduct
• Guidelines on weapons of war and export controls for the Federal Republic of Germany
• Guidelines on export control laws of other countries
• Guidelines on the prevention of corruption and other criminal offenses
• Guidelines on managing offset obligations
• Guidelines on IT security
• Guidelines on corporate safety
• Guidelines on weapons legislation in the Federal Republic of Germany
• Guidelines on dealing with gifts
• Guidelines on dealing with hospitality
• Guidelines on dealing with invitations to events
• Guidelines on social media.
The documents are stored on the Intranet where they can be accessed easily and located
Newsline 1 (2013), pp.8-9:

‘Newsline: At the end of 2012, Rheinmetall approved a new guideline on dealing with gifts and benefits. In which areas do you as the responsible Compliance Officer expect the largest number of benefits requiring approval?

Salzmann: The guidelines identify three types of benefit: gifts, hospitality and invitations. A traffic light system helps staff to assess what is possible and what would definitely not be approved. With the previous set of rules, we were approached in all three areas so this is why we have now introduced a categorisation. Generally, most questions will relate to the area of gifts and hospitality, especially in the pre-Christmas period when larger numbers of small presents like calendars and wine are sent to our employees by business partners and customer representatives. The value threshold of € 100 is easily reached when invited out to Christmas dinners.

Newsline: Benefits are permitted if they are deemed to be within reasonable limits. What does this mean?

Salzmann: These limits – as set out in the new guidelines are initially defined by us Rheinmetall AG. The prime objective is the appropriateness of the benefit in question. Although the term “appropriateness” leaves scope for interpretation, the gut feeling of any member of the work force will generally give an indication as to what is appropriate and what isn’t. This is particularly true for the assessment of benefits given an amber light in our new traffic light system. Furthermore, we also use internal regulations e.g. of our customers like state authorities for orientation. The valid limits relating to the gifts and benefits which officials are allowed to accept and related punishable offences are also used for orientation. We naturally also look at the rules and regulations of other companies listed in the Dax and MDax stock index.’
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 an explicit anti-corruption module as part of its compliance training programme. However, TI notes evidence suggests that only particular employees receive this anti-corruption training.

References:
Public:
Company website: Compliance management system
‘Compliance is an important management task. Managers are expected to set an example here and to act honestly and with integrity. To express their commitment, they have been signing a legality declaration since the late 1980s. As line managers, they ensure that their employees have been informed of the compliance management system and that they understand and comply with the regulations. They also take part in the classroom training sessions that are offered, together with their employees, and complete various electronic learning programs. Furthermore, the Chief Compliance Officer advises the Supervisory Board and members of the Executive Board of Rheinmetall AG on matters relating to compliance. Managers receive in-depth training in specific aspects of compliance in accordance with their remit.’
‘To make employees at all hierarchical levels aware of compliance risks, numerous seminars and workshops are held, some of which are tailored to specific functions such as procurement or sales staff. Legislation and important provisions are explained, further content is provided and, based on case studies, practical advice is given on correct conduct in specific situations during everyday work. These classroom training sessions, which also serve as a practical forum for discussions, are accompanied by interactive online programs. As part of compliance awareness training, up to 1,700 employees at sites in Germany and abroad every year receive instruction not only in general compliance issues, but also in prevention of corruption, export controls and cartel and competition laws. The content of the training is designed by compliance officers with the involvement of the Compliance team, consulting external experts if necessary in individual cases. Depending on the participants, the content is adapted or supplemented with country-specific or regional
Newsline 1 (2013), p.9:

‘Newsline: Which training programs are available to Rheinmetall employees?

Salzmann: Our intranet offers not only details on compliance guidelines but also E-learning programs. We also provide classroom compliance seminars. 850 RMMV employees were, for instance, recently given a compliance training to raise their awareness for related matters. Such programs are crucial to each compliance organisation. Based on past experience of the German industry – that was also made known to the general public – we have highlighted the mechanisms of corrupt behaviour in the industry and the serious repercussions on the company and its workforce. Numerous examples give a good impression of what corruption can imply for a company. We naturally also discussed standard situations that are quite likely to occur when sales representatives visit customers at home and abroad.’
A28:
Is anti-corruption training provided in all countries where the company operates or has company sites?

Score:

1

Comments:
Based on public information, there is evidence that anti-corruption training is provided in some countries where the company operates or has company sites. The company therefore scores 1. To score higher the company would need to provide clear evidence that anti-corruption training is provided in all countries where the company operates or has company sites.

References:
Public:
Company website: Compliance management system
‘To make employees at all hierarchical levels aware of compliance risks, numerous seminars and workshops are held, some of which are tailored to specific functions such as procurement or sales staff. Legislation and important provisions are explained, further content is provided and, based on case studies, practical advice is given on correct conduct in specific situations during everyday work. These classroom training sessions, which also serve as a practical forum for discussions, are accompanied by interactive online programs. As part of compliance awareness training, up to 1,700 employees at sites in Germany and abroad every year receive instruction not only in general compliance issues, but also in prevention of corruption, export controls and cartel and competition laws. The content of the training is designed by compliance officers with the involvement of the Compliance team, consulting external experts if necessary in individual cases. Depending on the participants, the content is adapted or supplemented with country-specific or regional features.’

Newsline 1 (2013), p.9:
‘Newsline: Which training programs are available to Rheinmetall employees?
Salzmann: Our intranet offers not only details on compliance guidelines but also E-learning

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HTTP://WWW.RHEINMETALL.DE/
programs. We also provide classroom compliance seminars. 850 RMMV employees were, for instance, recently given a compliance training to raise their awareness for related matters. Such programs are crucial to each compliance organisation. Based on past experience of the German industry – that was also made known to the general public – we have highlighted the mechanisms of corrupt behaviour in the industry and the serious repercussions on the company and its workforce. Numerous examples give a good impression of what corruption can imply for a company. We naturally also discussed standard situations that are quite likely to occur when sales representatives visit customers at home and abroad.’
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 Board members.

References:
Public:
NA
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 evidence that the company provides tailored compliance training for procurement and sales staff. However, the link between tailored training for procurement and sales staff and an anti-corruption element is only made implicitly. The company therefore scores 1. To score higher the company would need provide further information explaining how the tailored training has an anti-corruption element and whether such tailored training is also offered to employees who have other high risk functions.

References:
Public:
Company website: Compliance management system
‘To make employees at all hierarchical levels aware of compliance risks, numerous seminars and workshops are held, some of which are tailored to specific functions such as procurement or sales staff. Legislation and important provisions are explained, further content is provided and, based on case studies, practical advice is given on correct conduct in specific situations during everyday work. These classroom training sessions, which also serve as a practical forum for discussions, are accompanied by interactive online programs. As part of compliance awareness training, up to 1,700 employees at sites in Germany and abroad every year receive instruction not only in general compliance issues, but also in prevention of corruption, export controls and cartel and competition laws. The content of the training is designed by compliance officers with the involvement of the Compliance team, consulting external experts if necessary in individual cases. Depending on the participants, the content is adapted or supplemented with country-specific or regional features.’

Newsline 1 (2013), p.9:
‘Newsline: Which training programs are available to Rheinmetall employees?
Salzmann: Our intranet offers not only details on compliance guidelines but also E-learning programs. We also provide classroom compliance seminars. 850 RMMV employees were, for instance, recently given a compliance training to raise their awareness for related matters. Such programs are crucial to each compliance organisation. Based on past experience of the German industry – that was also made known to the general public – we have highlighted the mechanisms of corrupt behaviour in the industry and the serious repercussions on the company and its workforce. Numerous examples give a good impression of what corruption can imply for a company. We naturally also discussed standard situations that are quite likely to occur when sales representatives visit customers at home and abroad.’
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, as employees are only directed to inform their managers of any potential conflicts of interest. To score on this question the company would need to provide evidence that employees must declare conflicts of interest to their managers formally and in writing, or to an independent department.

References:
Public:
TI notes:
Company website: Conflicts of interest
‘In making decisions and performing their duties, members of the Executive and Supervisory Boards must not pursue their personal interests or take advantage of any business opportunities arising for the Company for their own personal gain, or grant unfair advantages to other persons. In accordance with Section 4.3.4 and Section 5.5.2 of the German Corporate Governance Code, any potential conflicts of interest involving members of the Supervisory Board or Executive Board must be disclosed immediately.
Each employee is committed to the best interests of the Company. Personal interests and Company interests must be kept strictly separate and no personal advantages are permitted. In accordance with the compliance guidelines, employees of the Rheinmetall Group are required to avoid conflicts of interest between their personal and business relationships. In the event of any suspected or actual conflict of interest, they have an obligation to inform their line managers, who will decide on further action together with the compliance officer or Chief Compliance Officer.’
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:
1

Comments:
Based on public information, there is evidence that the company may apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities. The company therefore scores 1. To score higher, the company would need to use wording that stresses an explicit commitment to apply disciplinary procedures such as ‘will’ rather than ‘may’.

References:
Public:
Company website: Compliance management system
‘All employees – from the Executive Board to managers and executives and employees in the operating and administrative units – are obliged to observe binding regulations in the context of their duties and activities, including the following:
- Compliance guidelines
- Code of Conduct’

‘Proven misconduct is sanctioned and entails organizational measures and consequences under labor law, civil law and criminal law. Isolated cases have been reported in past years in which Rheinmetall’s regulations have been breached. These were investigated and measures taken where necessary to stop misconduct.’

Newsline 1 (2013), p.9:
‘Newsline: Which consequences must Rheinmetall employees expect if they fail to comply with the guidelines on gifts and benefits?
Beyer: Firstly, it is important to note that the new guidelines do not have their main focus
on imposing labour-law related sanctions on employees. In fact, quite the contrary, the guidelines seek to protect the individual. Persons are being given the ability to identify whether a benefit is still socially adequate and when certain actions should be ruled out. Nonetheless, sanctions can be imposed in the event of any serious violation of the rules. A written warning is normally the first step taken. Any violation of valid standards under law can result in fines or imprisonment. Passive and active corruption is regulated in articles 299 and 334 of the German Criminal Code. The maximum term of imprisonment in Germany is five years. Criminal sanctions can therefore have very serious repercussions for employees. These are clearly out of proportion in relation to the success achieved by bribery.
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 the company has some channels to report concerns or instances of suspected corrupt activity, including the legal department and the Chief Compliance Officer. However, few details are provided and contact details are not well-publicised. The company therefore scores 1. To score higher the company would need to provide evidence of independent sources for employees to report to and the ability for employees to report anonymously.

References:

Public:
Company website: Compliance management system
‘If an employee has information on questionable activities or potential issues, or suspected or actual misconduct, he or she can approach his or her line manager, the personnel department, the legal department, the Chief Compliance Officer, other compliance officers or other contacts within the Company, for example in Internal Auditing. These officers are also there to advise preventatively on specific questions. The names of the compliance officers responsible and their contact details can be found easily on the Group’s Intranet. This information is also included in training documents.’

Annual Report 2012, p.65:
‘If an employee has information on questionable activities or potential issues, or suspected or actual misconduct, he or she can approach his or her line manager, the personnel department, the legal department, the Chief Compliance Officer, other compliance officers or other contacts within the Company, for example in Internal Auditing. These officers are also there to advise preventatively on specific questions. The names of the compliance
officers responsible and their contact details can be found easily on the Group’s Intranet. This information is also included in training documents.
A33(a):
Are the whistleblowing channels available to all employees in all geographies?

Score:
2

Comments:
Based on public information, there is evidence that across geographies all employees have access to more than one reporting channel. These whistleblowing channels include the Chief Compliance Officer, compliance officers in the company, and the legal department.

References:
Public:
Company website: Compliance management system
‘If an employee has information on questionable activities or potential issues, or suspected or actual misconduct, he or she can approach his or her line manager, the personnel department, the legal department, the Chief Compliance Officer, other compliance officers or other contacts within the Company, for example in Internal Auditing. These officers are also there to advise preventatively on specific questions. The names of the compliance officers responsible and their contact details can be found easily on the Group’s Intranet. This information is also included in training documents.’

Annual Report 2012, p.65:
‘If an employee has information on questionable activities or potential issues, or suspected or actual misconduct, he or she can approach his or her line manager, the personnel department, the legal department, the Chief Compliance Officer, other compliance officers or other contacts within the Company, for example in Internal Auditing. These officers are also there to advise preventatively on specific questions. The names of the compliance officers responsible and their contact details can be found easily on the Group’s Intranet. This information is also included in training documents.’
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 insufficient evidence that the company makes efforts to ensure that employees are comfortable reporting concerns. To score on this question the company would need to provide evidence of further efforts to ensure whistleblowing is not deterred and evidence of detailed analysis of whistleblowing data or independent employee surveys.

References:
Public:
TI notes:
Company website: Compliance management systems
‘Protection is naturally guaranteed for whistleblowers who, in confidential meetings and in good faith, draw attention to possible abuses or irregularities. They do not need to fear any disadvantage.’

‘After evidence is received, line managers, compliance officers and, if necessary in individual cases, Internal Auditing shall carry out systematic investigations and inquiries on the basis of standardized processes and shall take appropriate measures to properly clarify the facts that have been reported, involving external specialists if necessary.’
A34:
Does the company have well-publicised resources available to all employees where help and advice can be sought on corruption-related issues?

Score:

2

Comments:
Based on public information, there is evidence that the company has well-publicised resources available to all employees where help and advice can be sought on corruption-related issues. For example, employees can contact compliance officers, the Chief Compliance Officer or the legal department.

References:
Public:
Company website: Compliance management system
‘The Group-wide compliance management system therefore aims to ensure conduct in accordance with the law and regulations, to prevent employees from contravening laws and Company guidelines and to support them in applying the law and Company guidelines correctly and appropriately, by providing comprehensive regulations, up-to-date information on important developments, regular training and personal advice.’

‘If an employee has information on questionable activities or potential issues, or suspected or actual misconduct, he or she can approach his or her line manager, the personnel department, the legal department, the Chief Compliance Officer, other compliance officers or other contacts within the Company, for example in Internal Auditing. These officers are also there to advise preventatively on specific questions. The names of the compliance officers responsible and their contact details can be found easily on the Group’s Intranet. This information is also included in training documents.’

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

Score: 1

Comments: Based on public information, there is evidence of a commitment to non-retaliation for bona fide reporting of corruption. However, there is no readily available evidence that disciplinary measures are applied to employees who breach this policy. The company therefore scores 1.

References:

Public:
Company website: Compliance management system
‘Protection is naturally guaranteed for whistleblowers who, in confidential meetings and in good faith, draw attention to possible abuses or irregularities. They do not need to fear any disadvantage.’


Annual Report 2013, p.113:
‘Protection is naturally guaranteed for whistleblowers who, in confidential meetings and in good faith, draw attention to possible abuses or irregularities. They do not need to fear any disadvantage.’
Information Sources:

Company website:  
www.rheinmetall.de

Code of Conduct:  

Annual Report 2012:  

Annual Report 2013:  

Newsline 1 (2013):  
http://www.rheinmetall.de/media/editor_media/rheinmetallag/group/publications_1/companymagazine/newsline/Newsline_2013_1.pdf