

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

TERMA A/S

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	7/8
2. Internal Controls	6	12/12
3. Support to Employees	7	12/14
4. Conflict of Interest	4	5/8
5. Customer Engagement	6	7/12
6. Supply Chain Management	5	6/10
7. Agents, Intermediaries and Joint Ventures	10	14/20
8. Offsets	4	6/8
9. High Risk Markets	4	4/8
10. State-Owned Enterprises	0	N/A
TOTAL		73/100
BAND		B

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
2
Comments
Based on publicly available information, there is evidence that the company has a publicly stated anti-corruption commitment which details its stance against corruption and bribery within the organisation. It is clear that this commitment was authorised and endorsed by the company's leadership.
Evidence
<p>[6] Corporate Social Responsibility Report 2019 (Document) Accessed 25/10/2019 https://www.terma.com/static/csr_report2018-19/2-3/index.html [p.13] "The importance of working with anti-corruption will never cease. The fight against corruption will always be one of our main focus areas, and we will continuously strengthen and invest in anti-corruption efforts. All companies should prioritize this area, so we can minimize this global challenge together."</p> <p>Jens Maaløe President & CEO</p> <p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 25/10/2019 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Anti-Corruption</p> <p>Terma has a zero-tolerance policy regarding corruption and bribery.</p> <p>[...]</p> <p>Top level commitment is essential in ensuring dedication, focus, and compliance within anti-corruption. Our work within anti-corruption and related policies is authorized, endorsed, and supported by our Board of Directors and President & CEO.</p> <p>[2] Code of Conduct (Document) Accessed 25/10/2019 https://www.terma.com/media/507643/terma_employee_code_of_conduct_eng.pdf [p.3] Letter from the CEO</p> <p>Dear Colleagues,</p> <p>Terma has a long and successful history and this we owe to our talented and devoted employees. We know that good companies are built by ethical people who are able to choose the right course of action, behavior, and attitude when faced with difficult dilemmas.</p> <p>However, we see that our business context is changing: Terma is growing and extending its presence to new and more complex markets. We are faced with growing requirements, not only from regulators and customers, but, also, from society as a whole.</p> <p>In this shifting environment, now, more than ever before, we need to clearly communicate Terma's commitments and business culture and protect our employees by providing guidance on how to navigate in this environment.</p> <p>This Employee Code of Conduct highlights the behavior and the culture we value in Terma and provides guidance and support to our employees in choosing the right course of action when facing workplace dilemmas.</p>

Behaving in an ethical manner is everyone's responsibility, and we expect all our employees to honor this commitment in their everyday work. Being part of Terma makes me proud, and I want our organization to continue to represent the foremost culture in the industry. Our Employee Code of Conduct is an integral part of our efforts in this area.

Thank you for your support and your engagement.

Jes Munk Hansen
CEO & President

[p.6] Our Commitment

Terma has a zero tolerance policy towards all forms of corruption and corrupt practices.

[1] Corporate Social Responsibility - Video (Webpage)

Accessed 25/10/2019

<https://www.terma.com/csr/>

"We are also guided in the way we do our business. So for instance, having a zero tolerance towards corruption [...]"

Steen
Executive Vice President & CCO

Question
<p>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</p> <p>a) All employees, including staff and leadership of subsidiaries and other controlled entities;</p> <p>b) All board members, including non-executive directors.</p>
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company publishes a clear anti-bribery and corruption policy that prohibits bribery, facilitation payments, payments to public officials and commercial bribery. The company indicates that its policy applies to all groups as specified in (a) and (b) in the question.</p>
Evidence
<p>[2] Code of Conduct (Document) Accessed 25/10/2019 https://www.terma.com/media/507643/terma_employee_code_of_conduct_eng.pdf [p.4] Purpose and Scope The Employee Code of Conduct is applicable to all Terma employees located around the world.</p> <p>Terma’s Employee Code of Conduct describes Terma’s commitments, what we need to comply with, and how we can help each other in our daily routines to live up to these commitments.</p> <p>[p.6] Anti-Corruption Policy</p> <p>[...]</p> <p>Scope and Definition</p> <p>Bribery, kickbacks/commissions, facilitation payments, extortion, conflict of interest, fraud and embezzlement are among others some of the many various forms of corruption. These are all defined in our Anti-Corruption Compliance Program.</p> <p>[p.7] What is Expected of You?</p> <p>We expect you never to engage in bribery, facilitation payments, or any other forms of corrupt practices. You are expected to comply with Terma’s Anti-Corruption Policy and relevant procedures.</p> <p>When I went through customs, the customs official confiscated my package and said it would take 1 week before they could release it. I know I have filled out all the paperwork correctly. He told me he could expedite the process for USD 20. My customer is unhappy and I do not want to jeopardize the business relationship. Can I pay the customs official?</p> <p>You should ask the customs official to explain the fee. If you can receive confirmation that the fee is indeed legal and get a receipt as well, then you can make the payment. If not, then the customs official is asking for a facilitation payment. You are not allowed to make such a payment. You should explain Terma’s zero-tolerance policy to the customer as well as inform your manager and the CSR & Compliance Department.</p> <p>[3] Anti-Corruption Policy (Document) Accessed 25/10/2019 https://www.terma.com/media/472281/Anti-Corruption%20Policy.pdf [Same evidence as above]</p>

[19] Terma's Code of Conduct Regarding Anti-Corruption (Document)

Accessed 28/10/2019

https://www.terma.com/media/328690/terma_code_of_conduct_abstract_160620.pdf

[p.1] Bribery

-Employees, consultants, agents or others who represent Terma are not allowed to give, offer to give, promise or receive any kind of bribes, or to encourage or participate indirectly in bribery by use of a third party.

-Employees or others, who represent Terma, are not allowed to make use of so-called "facilitation payments".

-Employees or others, who represent Terma, are not allowed to pay, offer to pay, promise or receive kickbacks.

[4] Anti-Corruption and Business Ethics (Webpage)

Accessed 25/10/2019

<https://www.terma.com/csr/anti-corruption-and-business-ethics/>

Anti-Corruption Compliance Program

Terma's Anti-Corruption Compliance Program guides our employees and our efforts within anti-corruption, thus ensuring sound and ethical business conduct. It is aligned with the requirements of among others the UK Bribery Act and the U.S. Foreign Corrupt Practices Act.

Corruption comes in many forms and therefore Terma's Anti-Corruption Compliance Program covers various forms of corruption, such as, but not limited to, bribery, facilitation payments, kickbacks/commissions, extortion, conflict of interest, fraud, embezzlement, prohibition of payments to public officials, and commercial bribery.

The program is divided into various steps, among others: tone from the top, procedures, risk assessment, training and communication, monitoring and internal control, due diligence, and disciplinary measures.

[5] Employee Code of Conduct (Webpage)

Accessed 25/10/2019

<https://www.terma.com/csr/code-of-conduct/>

EMPLOYEE CODE OF CONDUCT

Terma strongly dissociates itself from corruption as stated in our Code of Conduct.

Terma's multilingual Employee Code of Conduct is applicable to all Terma employees and Board members located around the world. The Code describes Terma's commitments, what we need to comply with, and how we can help each other in our daily routines to live up to these commitments.

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
2
Comments
<p>There is evidence that the board is ultimately responsible for the oversight of the company's anti-bribery and corruption programme. The company also indicates that an Ethics Committee provides oversight of certain anti-corruption activities, with a direct reporting line to the board. There is evidence that the board's responsibilities include reviewing reports from management on the programme's performance, along with the results of internal and external audits, and there is evidence that it has the authority to require that any necessary changes are made.</p>
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Anti-Corruption Compliance Program</p> <p>[...]</p> <p>Governance, monitoring, and internal control To ensure transparency and a robust compliance program, regular status on the program, as well as findings derived from internal control and monitoring, are presented to the Executive Management as well as to the Board of Directors. Every quarter, the Board receives management reports about the anti-corruption compliance program's performance, incidents and results of internal controls and monitoring, and thereby can ensure that required changes are made. Moreover, anti-corruption risk assessment are annually sent to the Board. The Board has oversight of the program. Terma's Anti-Corruption Compliance Program is implemented and managed by Terma's Head of CSR & Compliance, who is also part of Terma's Ethics Committee reporting to the Chairman of Terma's Board of Directors.</p> <p>[9] Corporate Social Responsibility Report 2018 (Document) Accessed 25/10/2019 https://www.terma.com/static/csr_report2017-18/index.html [p.33] In parallel, we are developing the relevant ethics organization to be able to handle the reports that will come in, protecting the confidentiality and safety of the whistleblowers.</p> <ul style="list-style-type: none"> • Creation of Terma Ethics Committee to handle Ethics Line investigations

Question
1.4. Is responsibility for implementing and managing the company’s anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company’s programme?
Score
1
Comments
<p>Based on publicly available information, there is evidence that a managerial-level individual – the Head of CSR & Compliance – has been assigned ultimate responsibility for implementing and managing the company's anti-corruption compliance programme. It is clear that this person has a direct reporting line to the board.</p> <p>However, the company receives a score of ‘1’ because there is no evidence to indicate that the Head of CSR & Compliance is a senior executive.</p>
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Anti-Corruption Compliance Program</p> <p>[...]</p> <p>Governance, monitoring, and internal control To ensure transparency and a robust compliance program, regular status on the program, as well as findings derived from internal control and monitoring, are presented to the Executive Management as well as to the Board of Directors. Every quarter, the Board receives management reports about the anti-corruption compliance program's performance, incidents and results of internal controls and monitoring, and thereby can ensure that required changes are made. Moreover, anti-corruption risk assessment are annually sent to the Board. The Board has oversight of the program. Terma's Anti-Corruption Compliance Program is implemented and managed by Terma's Head of CSR & Compliance, who is also part of Terma's Ethics Committee reporting to the Chairman of Terma's Board of Directors.</p>

2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
2
Comments
<p>There is evidence that the company has a formal bribery and corruption risk assessment procedure in place that informs the design of its anti-bribery and corruption programme. The company indicates that the results of risk assessments are reviewed by the board on at least an annual basis, or when the results of the risk assessments reveal significant findings. There is evidence that the results of such reviews are used to develop tailored mitigation plans and to update specific parts of the company's anti-bribery and corruption programme.</p>
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Anti-Corruption Compliance Program</p> <p>[...]</p> <p>Governance, monitoring, and internal control</p> <p>To ensure transparency and a robust compliance program, regular status on the program, as well as findings derived from internal control and monitoring, are presented to the Executive Management as well as to the Board of Directors. Every quarter, the Board receives management reports about the anti-corruption compliance program's performance, incidents and results of internal controls and monitoring, and thereby can ensure that required changes are made. Moreover, anti-corruption risk assessment are annually sent to the Board. The Board has oversight of the program. Terma's Anti-Corruption Compliance Program is implemented and managed by Terma's Head of CSR & Compliance, who is also part of Terma's Ethics Committee reporting to the Chairman of Terma's Board of Directors.</p> <p>Risk assessment, due diligence, and training</p> <p>Being based in one of the least corrupt nations globally, we could easily be left blind to a specific risk factor. Therefore, we regularly update our risk assessment on corruption. Working with anti-corruption is a constant process, where improvement and iterations are required. This also allows for solid foundation to build relevant training for both our employees and market consultants, as well as efficient due diligence mechanisms.</p> <p>[6] Corporate Social Responsibility Report 2019 (Document) Accessed 25/10/2019 https://www.terma.com/static/csr_report2018-19/2-3/index.html [p.12] Anti-Corruption Compliance Program</p> <p>Terma's Anti-Corruption Policy and Compliance Program guide our employees and our efforts within anti-corruption, thus providing the foundation for sound and ethical business conduct. It is aligned with the requirements of among others the UK Bribery Act and the U.S. Foreign Corrupt Practices Act.</p> <p>[...]</p> <p>The program is divided into various steps; first and foremost, tone from the top, and then supported by procedures, risk assessment, training and communication, monitoring and internal control, due diligence, and disciplinary measures.</p>

[9] Corporate Social Responsibility Report 2018 (Document)

Accessed 25/10/2019

https://www.terma.com/static/csr_report2017-18/index.html

[p.30]



Why this matters for society

Corruption is not only illegal; it poses threats to the stability and security of societies, undermines institutions and democracy, hinders societies' development, and impacts vulnerable communities.

Why this matters for Terma

Operating globally in interaction with a variety of stakeholders, we take an active role in the fight against corrupt practices. Not only because they are illegal, but also because they are dangerous for businesses and communities.

Our targets

Conducting our business in an ethical manner and ensuring that our employees know the ethical decision they should take when they face a dilemma and feel equipped to make it.

Our progress

*Anti-corruption risk assessment carried out.

E-learning rolled out to all marketing consultants.*

What's next?

*Revise the building blocks of our anti-corruption management system: revised global policies and tools.

Rollout of:
Dedicated internal training.

Employee code of conduct.

Terma's Ethics Line.*

Risks

If this area is not managed, Terma would face legal, reputational, and financial risks as well as erosion of employees' trust.

[p.32] Anti-corruption

Corruption bears many social and economic costs for the societies in which it flourishes; impeding sound development and a prosperous business environment. Terma has pledged its support to the 10th Principle of the UNGC; "Businesses should work against corruption in all its forms, including extortion and bribery" and works with SDG target 16.5; "Substantially reduce corruption and bribery in all their forms". We recognize that corruption is a risk companies are exposed to when operating in an international business market such as the defense and aerospace industry.

Our focus on anti-corruption

During the 2017/18 fiscal year, we have carried out several activities in regards to anti-corruption. We decided to assess our exposure to the risk of corruption through a risk assessment. Although we had developed a solid set of policies and procedures over the years, we wanted to ensure that we had not overseen a blind spot. Being based in one of the least corrupt nations worldwide could easily have left us blind to a specific risk factor. It thus seemed like a natural step to take in our anti-corruption efforts, to reassess the robustness of our risk management system.

The steps of the anti-corruption risk assessment process:

- A desktop phase to review the risks linked to our industry
- An online survey with 30 senior managers working from several locations around the globe
- Two workshops: one to identify risks and the other one to rate their potential impacts

An analysis phase where the risks identified were reviewed and reassessed.

The result made us confident that our foundation is solid, but it also made us aware that working with anti-corruption is a continuous process where improvements and iterations are required.

The primary output of this assessment will be to revise our policies and procedures, and the secondary output will be to develop targeted training for those employees that are most exposed.

- Revised Anti-Corruption and Business Ethics Policy
- Global Gift and Hospitality Policy
- An internal Code of Conduct supporting our employees' understanding of their rights and obligations.

Question

<p>2.2. Is the company’s anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?</p>
<p>Score</p>
<p>2</p>
<p>Comments</p>
<p>There is evidence that the company’s entire anti-bribery and corruption programme is subject to a regular audit process to ensure the programme is consistent with best practice and the business risks facing the company. This includes provisions for continuous improvement, supplemented by an internal audit annually. There is also evidence that high-level audit findings are presented to the board, with ownership assigned to individuals for planned updates and improvements to the anti-bribery and corruption programme.</p>
<p>Evidence</p>
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Anti-Corruption Compliance Program</p> <p>[...]</p> <p>Governance, monitoring, and internal control</p> <p>To ensure transparency and a robust compliance program, regular status on the program, as well as findings derived from internal control and monitoring, are presented to the Executive Management as well as to the Board of Directors. Every quarter, the Board receives management reports about the anti-corruption compliance program’s performance, incidents and results of internal controls and monitoring, and thereby can ensure that required changes are made. Moreover, anti-corruption risk assessment are annually sent to the Board. The Board has oversight of the program. Terma’s Anti-Corruption Compliance Program is implemented and managed by Terma’s Head of CSR & Compliance, who is also part of Terma’s Ethics Committee reporting to the Chairman of Terma’s Board of Directors.</p> <p>Moreover, Terma’s internal and external whistleblower system, <i>Ethics Line</i>, as well as our internal case management system, <i>Tell us your concerns</i>, help us track, investigate, and respond to bribery and corruption allegations and incidents. Guidelines on appropriate investigation techniques have been developed to ensure quality investigations that are professional, confidential, and secure. Material findings of bribery and corruption from investigations are reported to the board. Read more about Terma’s Ethics Line here.</p> <p>The Anti-Corruption Compliance Program is updated annually based on feedback from training sessions, reports received in our case management and whistleblower system, findings from internal audit and review of process, as well as changes in legislation and best practices in the field. Incentives are also looked upon to ensure that they do not inadvertently undermine our anti-corruption efforts and commitment. These updates enable us to close and mitigate possible gaps in the program and strengthen our compliance efforts and compliance culture.</p>

Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
2
Comments
<p>Based on publicly available evidence, the company publicly commits to investigating incidents promptly, independently and objectively. There is evidence that the company takes steps to ensure the independence of its investigations. It commits to establishing root causes, putting in place remediation plans and reporting investigative findings to senior management and the board.</p> <p>For whistleblowing cases, there is evidence that the company has a procedure in place that stipulates documentation and actions to be taken at every step of the case, from receipt to final outcome, and the company commits to ensure whistleblowers are informed of the outcome, if they so wish. A senior central body of the holding or parent company receives and reviews summary information of all incidents and their status in the organisation and its subsidiaries, on an annual basis.</p>
Evidence
<p>[7] Terma Ethics line (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/terma-ethics-line/ TERMA ETHICS LINE Employees and third parties can report anonymously or by name to the system. Terma’s multilingual whistleblower system, <i>Ethics Line</i>, offers a confidential and safe channel, where any employee or third party can report concerns, if they suspect that serious illegal misconduct or other potential wrongdoing is taking place.</p> <p>All reported incidents will be handled in an anonymous and professional manner without fear of retaliation for reporting. All reports are subject to careful and confidential investigation. If a reporter expresses a genuine suspicion, he/she will not be at risk of losing their job or suffer any form of sanctions or personal disadvantages as a result. Terma does not tolerate retaliations or retributions against people who submit reports. This also includes if the reporter is mistaken, provided that he/she is acting in good faith.</p> <p>Employees and third parties can report anonymously or by name to the system. The reports are automatically sent to Terma’s Ethics Committee and the Chairman of the Terma A/S Board, who are the only ones who have access to the reports. All reports are investigated promptly, objectively and independently.</p> <p>Terma’s Ethics Line procedure describes each step of the investigation process, from receipt of the report to final outcome, highlighting the documentation and actions needed to be taken in each step of the investigation process. It additionally describes that if the Ethics Committee can communicate with the whistleblowers, either by the fact that the whistleblowers has provided a name or have set up a secured postbox through the system, then they are made aware of the outcome, if they so wish. Moreover, Terma’s investigation procedure describes how to conduct independent and confidential investigations. The investigation procedure is reviewed every 2 year or in response to any regulatory changes.</p> <p>During the whole investigation process the Chairman of the Terma A/S Board reviews information of findings, results of the investigation and recommendations. This is done regularly throughout the process and at least on a quarterly basis.</p> <p>If the reported issue represents a criminal offence, the Ethics Committee and the Chairman of the Board are responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if found necessary.</p> <p>If any complaints about the investigation process are made, these are handled professionally and are overseen by the Chairman of the Board, who is in charge of handling any escalation of complaints, in accordance with Terma’s procedure.</p>

We will measure, through for instance, anonymized employee surveys, the confidence in both our system and in our policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents, as well as other types of incidents.

The Ethics Committee presents an annual report to the Board of Directors, which describes the amount of cases reported to the Ethics Line, the topics reported on, and other statistical information. This information is also disclosed in Terma's annual CSR report.

Moreover, Terma employees can also make use of Terma's internal case management system *Tell us your concerns* for concerns and reports that are not related to serious illegal misconduct, and which do not classify to be reported to *Ethics Line*. All reports are treated in a professional and confidential manner.

[4] Anti-Corruption and Business Ethics (Webpage)

Accessed 25/10/2019

<https://www.terma.com/csr/anti-corruption-and-business-ethics/>

Anti-Corruption Compliance Program

[...]

Governance, monitoring, and internal control

To ensure transparency and a robust compliance program, regular status on the program, as well as findings derived from internal control and monitoring, are presented to the Executive Management as well as to the Board of Directors. Terma's Anti-Corruption Compliance Program is implemented and managed by Terma's Head of CSR & Compliance, who is also part of Terma's Ethics Committee reporting to the Chairman of Terma's Board of Directors.

Moreover, Terma's internal and external whistleblower system, *Ethics Line*, as well as our internal case management system, *Tell us your concerns*, help us track, investigate, and respond to bribery and corruption allegations and incidents. Guidelines on appropriate investigation techniques have been developed to ensure quality investigations that are professional, confidential, and secure. Read more about Terma's Ethics Line here.

[6] Corporate Social Responsibility Report 2019 (Document)

Accessed 25/10/2019

https://www.terma.com/static/csr_report2018-19/2-3/index.html

[p.11] Employees and third parties can report anonymously or by name to the system. The report will automatically be transferred to Terma's Ethics Committee who reports to the Chairman of Terma's Board with the reported issue and the Committee's findings and conclusion of the investigation and recommendations for further action.

[9] Corporate Social Responsibility Report 2018 (Document)

Accessed 25/10/2019

https://www.terma.com/static/csr_report2017-18/index.html

[p.33] In parallel, we are developing the relevant ethics organization to be able to handle the reports that will come in, protecting the confidentiality and safety of the whistleblowers.

- Creation of Terma Ethics Committee to handle Ethics Line investigations

[8] Ethics line – Whistleblower system (Webpage)

Accessed 25/10/2019

<https://terma.whistleblownetwork.net/FrontPages/Default.aspx>

Ethics Line - Whistleblower system

Every violation report is important and helps us to prevent economic losses and damage to our reputation. With your help, we can ensure our integrity and reliability and thereby also our success.

Ethics Line can be used by Terma employees or employees of a Terma business partner (e.g. customers, suppliers, consultants, etc.).

Ethics Line may not be used to make false accusations against others, and altogether, deliberately untrue information may not be reported.

We encourage you to provide your name in the report. Regardless of whether you do so or not, please open a secure post box. This makes it safer and easier for us to communicate.

All reports are strictly confidential. You can find more information on this in menu section "Privacy policy" above.

WHAT CAN BE REPORTED?

In the whistleblower system, you can report serious matters such as, e.g., bribery, extortion, embezzlement, theft, accounting irregularities, etc.

By "serious" is meant a misconduct or wrongdoing which may have or result in significant consequences to Terma or the life and health of individuals.

Matters such as bullying, dissatisfaction with wages, violations of the alcohol policy, etc., should not be reported here. They should instead be reported through the normal channels, such as your manager, HR, Working Environment Representative or Terma's internal *Tell us your concerns* system.

No export controlled information or

information with a military classification may be included with the report. If a report contains such information, the Head of Security of Terma A/S or Terma North America for American classified information, will be notified immediately by the Ethics Committee.

ANONYMITY

To ensure your anonymity, you must do the following:

- If possible, do not report from a PC provided by your employer.
- Do not use a PC that is connected to the company's network/intranet.
- Access the whistleblower system directly by copying or writing the URL address in an internet browser rather than by clicking on a link.
- Do not write your own personal details.

OPEN A POST BOX

When you send the report, you have the option to choose whether you remain available for further inquiries by opening a secure post box.

We recommend that you make yourself available because we may not be able to finalise the case without further information from you.

When you create a post box, you will be given a case number, and you will choose a password. You will use the case number and password to log in to the post box in order to see if you have received any questions.

Regardless of whether or not you remain anonymous or you write your name, we ask you to open a post box. This makes it safer and easier for us to communicate.

All communication with us is anonymous if you wish it to be.

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
2
Comments
<p>There is evidence that the company assures itself of the quality of its internal investigations, including those reported through whistleblowing channels. There is evidence that the company provides specific training for the staff tasked with conducting investigations. The company indicates that any complaints about the handling of concerns and investigations are overseen by an appropriate senior management officer and that it has a procedure in place to handle the escalation of complaints. The company's investigations procedure is subject to review at least every three years, or in response to any relevant changes in the regulatory environment.</p>
Evidence
<p>[7] Terma Ethics line (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/terma-ethics-line/ TERMA ETHICS LINE</p> <p>Employees and third parties can report anonymously or by name to the system.</p> <p>Terma's multilingual whistleblower system, <i>Ethics Line</i>, offers a confidential and safe channel, where any employee or third party can report concerns, if they suspect that serious illegal misconduct or other potential wrongdoing is taking place.</p> <p>All reported incidents will be handled in an anonymous and professional manner without fear of retaliation for reporting. All reports are subject to careful and confidential investigation. If a reporter expresses a genuine suspicion, he/she will not be at risk of losing their job or suffer any form of sanctions or personal disadvantages as a result. Terma does not tolerate retaliations or retributions against people who submit reports. This also includes if the reporter is mistaken, provided that he/she is acting in good faith.</p> <p>Employees and third parties can report anonymously or by name to the system. The reports are automatically sent to Terma's Ethics Committee and the Chairman of the Terma A/S Board, who are the only ones who have access to the reports. All reports are investigated promptly, objectively and independently.</p> <p>Terma's Ethics Line procedure describes each step of the investigation process, from receipt of the report to final outcome, highlighting the documentation and actions needed to be taken in each step of the investigation process. It additionally describes that if the Ethics Committee can communicate with the whistleblowers, either by the fact that the whistleblowers has provided a name or have set up a secured postbox through the system, then they are made aware of the outcome, if they so wish. Moreover, Terma's investigation procedure describes how to conduct independent and confidential investigations. The investigation procedure is reviewed every 2 year or in response to any regulatory changes.</p> <p>During the whole investigation process the Chairman of the Terma A/S Board reviews information of findings, results of the investigation and recommendations. This is done regularly throughout the process and at least on a quarterly basis.</p> <p>If the reported issue represents a criminal offence, the Ethics Committee and the Chairman of the Board are responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if found necessary.</p> <p>If any complaints about the investigation process are made, these are handled professionally and are overseen by the Chairman of the Board, who is in charge of handling any escalation of complaints, in accordance with Terma's procedure.</p> <p>We will measure, through for instance, anonymized employee surveys, the confidence in both our system and in our policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents, as well as other types of incidents.</p>

The Ethics Committee presents an annual report to the Board of Directors, which describes the amount of cases reported to the Ethics Line, the topics reported on, and other statistical information. This information is also disclosed in Terma's annual CSR report.

Moreover, Terma employees can also make use of Terma's internal case management system *Tell us your concerns* for concerns and reports that are not related to serious illegal misconduct, and which do not classify to be reported to *Ethics Line*. All reports are treated in a professional and confidential manner.

[9] Corporate Social Responsibility Report 2018 (Document)

Accessed 25/10/2019

https://www.terma.com/static/annual_report2017-18/index.html

[p.33] In parallel, we are developing the relevant ethics organization to be able to handle the reports that will come in, protecting the confidentiality and safety of the whistleblowers.

- Creation of Terma Ethics Committee to handle Ethics Line investigations
- Training of the Ethics Committee in investigation methods

[4] Anti-Corruption and Business Ethics (Webpage)

Accessed 25/10/2019

<https://www.terma.com/csr/anti-corruption-and-business-ethics/>

Guidelines on appropriate investigation techniques have been developed to ensure quality investigations that are professional, confidential, and secure.

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company makes a clear commitment to report material findings of bribery and corruption from investigations to the board. There is also evidence that an appropriate senior individual is ultimately responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if found necessary.</p>
Evidence
<p>[7] Terma Ethics line (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/terma-ethics-line/ TERMA ETHICS LINE</p> <p>Employees and third parties can report anonymously or by name to the system.</p> <p>[...]</p> <p>Employees and third parties can report anonymously or by name to the system. The reports are automatically sent to Terma's Ethics Committee and the Chairman of the Terma A/S Board, who are the only ones who have access to the reports. All reports are investigated promptly, objectively and independently.</p> <p>[...]</p> <p>During the whole investigation process the Chairman of the Terma A/S Board reviews information of findings, results of the investigation and recommendations. This is done regularly throughout the process and at least on a quarterly basis.</p> <p>If the reported issue represents a criminal offence, the Ethics Committee and the Chairman of the Board are responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if found necessary.</p> <p>If any complaints about the investigation process are made, these are handled professionally and are overseen by the Chairman of the Board, who is in charge of handling any escalation of complaints, in accordance with Terma's procedure.</p> <p>We will measure, through for instance, anonymized employee surveys, the confidence in both our system and in our policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents, as well as other types of incidents.</p> <p>[2] Code of Conduct (Document) Accessed 25/10/2019 https://www.terma.com/media/507643/terma_employee_code_of_conduct_eng.pdf [p.33] Consequences for Violating this Code Depending on the gravity of the violation, disciplinary measures range from an oral warning or written warning, up to termination of employment. All violations will be noted in an employee's HR file.</p>

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
2
Comments
The company makes a public statement that there were no reports, investigations or disciplinary actions relating to employees during the most recent reporting year. There is evidence that the company publishes and updated this information on an annual basis.
Evidence
[6] Corporate Social Responsibility Report 2019 (Document) Accessed 25/10/2019 https://www.terma.com/static/csr_report2018-19/2-3/index.html [p.11] In the last two months of the current fiscal year where Ethics Line was launched, no reports have been made.

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company provides training that outlines the principles of the anti-bribery and corruption policy including the whistleblowing options available to employees. The company provides this training to all employees, across all divisions and countries of operation and in all appropriate languages. The company states that employees are required to undertake refresher trainings on the anti-corruption programme at least every two years.</p>
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 26/10/2019 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Anti-Corruption Compliance Program</p> <p>[...]</p> <p>The program is divided into various steps, among others: tone from the top, procedures, risk assessment, training and communication, monitoring and internal control, due diligence, and disciplinary measures.</p> <p>[...]</p> <p>Risk assessment, due diligence, and training</p> <p>Being based in one of the least corrupt nations globally, we could easily be left blind to a specific risk factor. Therefore, we regularly update our risk assessment on corruption. Working with anti-corruption is a constant process, where improvement and iterations are required. This also allows for solid foundation to build relevant training for both our employees and market consultants, as well as efficient due diligence mechanisms.</p> <p>[...]</p> <p>The type and intensity of training our employees receive is based on their risk profile and tailored to the level of corruption risk their job function and position is prone to; whether it is high, medium, or low. As a minimum, all employees receive anti-corruption training, as part of their Employee Code of Conduct training, which is a multilingual e-learning course. Besides covering anti-corruption, it also covers the other topics in the Code and describes Terma’s whistleblower system <i>Ethics Line</i> and internal case management system <i>Tell us your concerns</i>. The training is updated every two years. Employees in medium and high-risk job functions receive additional annual training, such as for instance more detailed anti-corruption e-learning and face-to-face anti-corruption workshop training. All training is monitored and tracked, and feedback is gathered to ensure that the training is updated accordingly in order to always remain relevant and effective.</p> <p>[6] Corporate Social Responsibility Report 2019 (Document) Accessed 26/10/2019 https://www.terma.com/static/csr_report2018-19/2-3/index.html [p.12] Anti-Corruption Compliance Program</p> <p>[...]</p>

The program is divided into various steps; first and foremost, tone from the top, and then supported by procedures, risk assessment, training and communication, monitoring and internal control, due diligence, and disciplinary measures.

[...]

Training and Risk Assessment

The type and intensity of anti-corruption training our employees receive is based on their risk profile and tailored to the level of corruption risk their job function and position is prone to; whether it is high, medium, or low.

The Employee Code of Conduct e-learning provides all our employees with basic anti-corruption training and is the core anti-corruption training required for our employees with job functions associated with a low level of corruption risks. However, all employees with job functions that are prone to medium or high corruption risks will be given additional tailor-made training within anti-corruption in the form of additional e-learning and face-to-face anti-corruption workshops. All training will be monitored and tracked, and feedback will be gathered to ensure that the training is updated accordingly and remains relevant and effective.

[p.13] Next Steps

As all our employees have received basic anti-corruption training, our next step is to develop and implement tailor-made training for the medium- and high-risk job functions throughout the organization. The goal is that all employees will have completed the relevant type of training related to their job function's risk profile by the end of the fiscal year 2019/20.

[...]

Also, we will continue to create awareness of our program and anti-corruption efforts internally and externally.

[5] Employee Code of Conduct (Webpage)

Accessed 26/10/2019

<https://www.terma.com/csr/code-of-conduct/>

EMPLOYEE CODE OF CONDUCT

Terma strongly dissociates itself from corruption as stated in our Code of Conduct.

[...]

All employees have received the Code as well as supporting training within all topics of the Code of Conduct.

[2] Code of Conduct (Document)

Accessed 26/10/2019

https://www.terma.com/media/507643/terma_employee_code_of_conduct_eng.pdf

[p.4] The Employee Code of Conduct is applicable to all Terma employees located around the world.

[p.6] Our Commitment

Terma has a zero tolerance policy towards all forms of corruption and corrupt practices.

To Fulfill This Commitment, We Will:

Always ensure that our employees are trained properly and aware of the corruption risks they face. Terma's Anti-Corruption Compliance Program will further guide our employees, ensure good business conduct, and comply with legal requirements. The program will describe why and how we work with anti-corruption.

[12] Gift and Hospitality Policy (Document)

Accessed 26/10/2019

<https://www.terma.com/media/472308/Gift%20and%20Hospitality%20Policy.pdf>

[p.1] Introduction

[...]

Our Commitment

Terma employees will never give or receive gifts and hospitality with an expectation of a benefit in return.

Terma has a zero-tolerance policy towards all forms of corruption and corrupt practices.

To Fulfill This Commitment, We Will:

[...]

-Ensure that our employees are trained in our gift and hospitality policy and procedures.

[3] Anti-Corruption Policy (Document)

Accessed 26/10/2019

<https://www.terma.com/media/472281/Anti-Corruption%20Policy.pdf>

[Same evidence as that outlined in the Code of Conduct]

Question
<p>3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:</p> <ul style="list-style-type: none"> a) Employees in high risk positions, b) Middle management, c) Board members.
Score
2
Comments
<p>There is evidence that the company tailors its anti-bribery and corruption training programme to the different levels of risk facing employees in different roles, with specific reference to those in high risk positions, middle management and board members. There is evidence that employees working in high risk positions are required to refresh their training in this area on at least an annual basis.</p>
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Anti-Corruption Compliance Program</p> <p>[...]</p> <p>The type and intensity of training our employees receive is based on their risk profile and tailored to the level of corruption risk their job function and position is prone to; whether it is high, medium, or low. As a minimum, all employees receive anti-corruption training, as part of their Employee Code of Conduct training, which is a multilingual e-learning course. Besides covering anti-corruption, it also covers the other topics in the Code and describes Terma’s whistleblower system <i>Ethics Line</i> and internal case management system <i>Tell us your concerns</i>. The training is updated every two years. Employees in medium and high-risk job functions receive additional annual training, such as for instance more detailed anti-corruption e-learning and face-to-face anti-corruption workshop training. Middle management, top management and board members will also receive tailored anti-corruption training. All training is monitored and tracked, and feedback is gathered to ensure that the training is updated accordingly in order to always remain relevant and effective.</p> <p>Training is also given within Terma’s Gift and Hospitality Policy and Procedure, which among others addresses the risks associated with gifts and hospitality given to and/or received from domestic and foreign public officials with financial limits/thresholds for this stakeholder group and other categories of stakeholders. Employees have received the policy and procedure that guides them on registration, approval procedure for different types of gifts, hospitality, promotional expenses and business courtesies. All gifts and hospitality are registered and monitored by the Head of CSR & Compliance who has access to the data and oversight of the process.</p> <p>[6] Corporate Social Responsibility Report 2019 (Document) Accessed 26/10/2019 https://www.terma.com/static/csr_report2018-19/2-3/index.html [p.12] Anti-Corruption Compliance Program</p> <p>[...]</p> <p>Training and Risk Assessment</p> <p>The type and intensity of anti-corruption training our employees receive is based on their risk profile and tailored to the level of corruption risk their job function and position is prone to; whether it is high, medium, or low.</p> <p>The Employee Code of Conduct e-learning provides all our employees with basic anti-corruption training and is the core anti-corruption training required for our employees with job functions associated with a low level of corruption risks. However, all employees with job functions that are prone to medium or high corruption risks will be given additional tailor-made training within anti-corruption in the form of additional e-learning and face-to-face anti-corruption workshops. All training will be monitored and tracked, and feedback will be gathered to ensure that the training is updated accordingly and remains relevant and effective.</p>

[p.13] Next Steps

As all our employees have received basic anti-corruption training, our next step is to develop and implement tailor-made training for the medium- and high-risk job functions throughout the organization. The goal is that all employees will have completed the relevant type of training related to their job function's risk profile by the end of the fiscal year 2019/20.

[9] Corporate Social Responsibility Report 2018 (Document)

Accessed 26/10/2019

https://www.terma.com/static/annual_report2017-18/index.html

[p.32] Anti-corruption

[...]

The primary output of this assessment will be to revise our policies and procedures, and the secondary output will be to develop targeted training for those employees that are most exposed.

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company reviews its anti-bribery and corruption communications and personnel training programme. The company assures itself of this on a continuous basis through the monitoring of training and there is evidence that results are used to update parts of the company's anti-bribery and corruption communications and training programme. The company indicates that its training programme is updated on this basis every two years.</p>
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 26/10/2019 https://www.terma.com/csr/anti-corruption-and-business-ethics/ The Anti-Corruption Compliance Program is updated annually based on feedback from training sessions, reports received in our case management and whistleblower system, as well as changes in legislation and best practices in the field.</p> <p>[...]</p> <p>These updates enable us to close and mitigate possible gaps in the program and strengthen our compliance efforts and compliance culture.</p> <p>[...]</p> <p>As a minimum, all employees receive anti-corruption training, as part of their Employee Code of Conduct training, which is a multilingual e-learning course. Besides covering anti-corruption, it also covers the other topics in the Code and describes Terma's whistleblower system <i>Ethics Line</i> and internal case management system <i>Tell us your concerns</i>. The training is updated every two years.</p> <p>[...]</p> <p>All training is monitored and tracked, and feedback is gathered to ensure that the training is updated accordingly in order to always remain relevant and effective.</p> <p>[6] Corporate Social Responsibility Report 2019 (Document) Accessed 25/10/2019 https://www.terma.com/static/csr_report2018-19/2-3/index.html [p.12] Anti-Corruption Compliance Program</p> <p>[...]</p> <p>The program is divided into various steps; first and foremost, tone from the top, and then supported by procedures, risk assessment, training and communication, monitoring and internal control, due diligence, and disciplinary measures.</p> <p>[...]</p> <p>All training will be monitored and tracked, and feedback will be gathered to ensure that the training is updated accordingly and remains relevant and effective.</p>

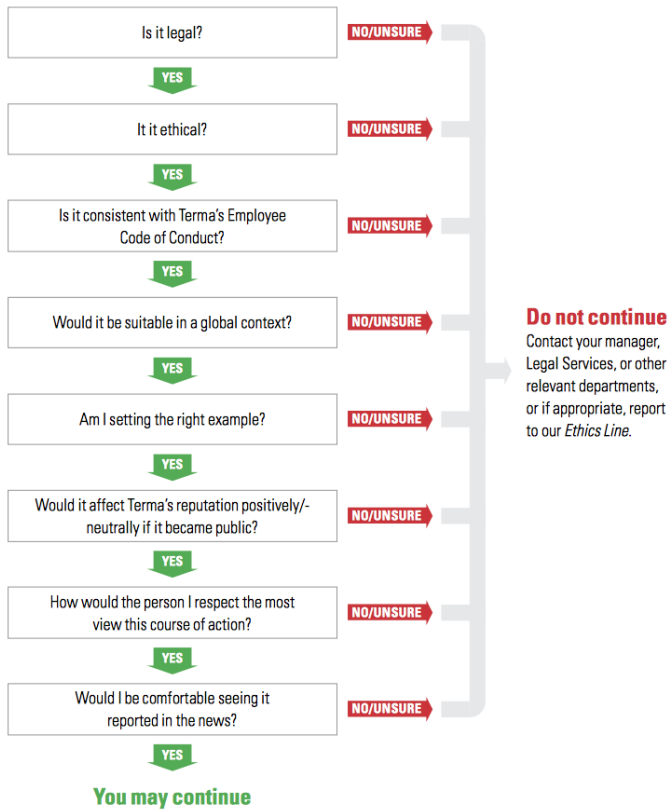
Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
0
Comments
Based on publicly available information, there is no clear evidence that the company's incentive schemes for employees incorporate ethical and anti-corruption principles. The company states that it reviews its incentive structures to ensure that they do not undermine the its anti-corruption efforts and commitment, however it does not provide further details on the way in which such schemes are designed.
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 26/10/2019 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Anti-Corruption Compliance Program</p> <p>[...]</p> <p>Incentives are also looked upon to ensure that they do not inadvertently undermine our anti-corruption efforts and commitment. These updates enable us to close and mitigate possible gaps in the program and strengthen our compliance efforts and compliance culture.</p>

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
2
Comments
There is evidence that the company commits company to protect and support any employee who refuses to act unethically, in keeping with the company’s ethical and anti-bribery and corruption values and policy, even where such actions result in a loss of business or other disadvantage to the company. There is evidence that the company assures itself of its employees' confidence in this commitment through anonymised surveys.
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Anti-Corruption</p> <p>[...]</p> <p>Participation in corruption is an unacceptable and illegal activity, which tarnishes our brand and destroys future business opportunities, places our employees in both punishable and morally disputable situations, and has a destructive impact on society and the markets it affects. Therefore, Terma strongly dissociates itself from corruption in any form or shape and works hard to ensure that we are not involved in bribery or similar activities. Terma is committed to protect and support our employees. Any employee who refuses to act unethically, in keeping with Terma’s anti-corruption policy and procedures, will be protected and supported even where such actions result in a loss of business or other disadvantages to Terma.</p> <p>[7] Terma Ethics line (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/terma-ethics-line/ We will measure, through for instance, anonymized employee surveys, the confidence in both our system and in our policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents, as well as other types of incidents.</p>

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company promotes a clear policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents. This policy applies to all employees across the organisation, including those engaged by the group as third parties, suppliers and joint venture partners. There is evidence that the company assures itself of its employees' confidence in this commitment through surveys.</p>
Evidence
<p>[7] Terma Ethics line (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/terma-ethics-line/ We will measure, through for instance, anonymized employee surveys, the confidence in both our system and in our policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents, as well as other types of incidents.</p> <p>[2] Code of Conduct (Document) Accessed 26/10/2019 https://www.terma.com/media/507643/terma_employee_code_of_conduct_eng.pdf [p.4] Employees who believe there has been a violation of this Code of Conduct should report it through Terma's Whistleblower system <i>Ethics Line</i> or <i>Tell us your concerns</i> system. All reported incidents will be handled in a confidential and professional manner without fear of retaliation for reporting.</p> <p>[p.32] Ethics Line Terma's Ethics Line offers a confidential and safe channel where any employee or third party of Terma (e.g. suppliers, consultants, etc.) can report concerns if they suspect that serious illegal misconduct or other potential wrongdoing is taking place. The Ethics Line system operates in strict compliance with data privacy regulation. All reported incidents will be handled in an anonymous and professional manner without fear of retaliation for reporting.</p> <p>[p.33] Protection and Non-Retaliation Retaliation against an employee for reporting an issue or raising a legitimate concern involving a violation of company policy, law, or regulation is strictly prohibited. Allegations of retaliation will be treated seriously and be thoroughly investigated. Confirmed allegations of retaliation will result in appropriate disciplinary action, up to and including termination of employment.</p> <p>[15] Code of Conduct for Suppliers and Service Providers (Document) Accessed 28/10/2019 https://www.terma.com/media/471693/terma_supplier_code_of_conduct_final.pdf [p.5] Scope and Governance</p> <p>[...]</p> <p>We expect all our suppliers, business partners, and other third parties with whom we cooperate to behave in respect of this commitment, and to adhere to legal requirements as well as best practices with regard to ethics and social responsibility.</p> <p>[p. 13] Whistleblower Protection Our Suppliers are expected to provide their employees with channels for raising legal or ethical issues or concerns without fear of retaliation. Our Suppliers shall also take action to prevent, detect, and correct any retaliatory practices.</p>

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has multiple channels to report instances of suspected corrupt activity and seek advice on the company's anti-corruption compliance programme. The company indicates that its channels are sufficiently varied to allow employees to raise concerns across the management chain and to external. These channels allow for confidential and, wherever possible, anonymous reporting.</p> <p>In addition, there is evidence that the company's channels are available and accessible to all employees in all jurisdictions where the company operates, including those employed by the group as third parties, suppliers and joint venture partners, and in all relevant languages.</p>
Evidence
<p>[7] Terma Ethics line (Webpage) Accessed 26/10/2019 https://www.terma.com/csr/terma-ethics-line/ TERMA ETHICS LINE</p> <p>Employees and third parties can report anonymously or by name to the system. Terma's multilingual whistleblower system, <i>Ethics Line</i>, offers a confidential and safe channel, where any employee or third party can report concerns, if they suspect that serious illegal misconduct or other potential wrongdoing is taking place.</p> <p>All reported incidents will be handled in an anonymous and professional manner without fear of retaliation for reporting. All reports are subject to careful and confidential investigation. If a reporter expresses a genuine suspicion, he/she will not be at risk of losing their job or suffer any form of sanctions or personal disadvantages as a result. Terma does not tolerate retaliations or retributions against people who submit reports. This also includes if the reporter is mistaken, provided that he/she is acting in good faith.</p> <p>Employees and third parties can report anonymously or by name to the system, and the report will automatically be transferred to Terma's Ethics Committee who report to the Chairman of Terma's Board with the report, findings, result of the investigation, and recommendations.</p> <p>[...]</p> <p>Moreover, Terma employees can also make use of Terma's internal case management system <i>Tell us your concerns</i> for concerns and reports that are not related to serious illegal misconduct, and which do not classify to be reported to <i>Ethics Line</i>. All reports are treated in a professional and confidential manner. Link to Ethics Line reporting portal.</p> <p>[2] Code of Conduct (Document) Accessed 25/10/2019 https://www.terma.com/media/507643/terma_employee_code_of_conduct_eng.pdf</p> <p>[p.4] Employees who believe there has been a violation of this Code of Conduct should report it through Terma's Whistleblower system Ethics Line or Tell us your concerns system. All reported incidents will be handled in a confidential and professional manner without fear of retaliation for reporting. Read more about the two systems in the section Report your concerns on page 32-33.</p> <p>[...]</p> <p>To guide our employees, an Ethical Decision Tree has been made. When faced with a dilemma, go through the Ethical Decision Tree and you will be guided on how to act.</p>

[p.5] Ethical Decision Tree



[p.7] What is Expected of You?

We expect you never to engage in bribery, facilitation payments, or any other forms of corrupt practices. You are expected to comply with Terma’s Anti-Corruption Policy and relevant procedures.

If ever in doubt on how to act, please consult the Ethical Decision Tree herein prior to making a decision. Still in doubt, discuss the issue with your manager and/or the CSR & Compliance Department.

[p.32] Report your Concerns

Each of us is responsible for knowing what is expected. By becoming familiar with this Code and the policies and procedures it highlights, you will be better equipped to recognize and handle ethical dilemmas. It is important to ask questions or raise issues if you experience a situation that might have ethical implications. When in doubt: speak up. Talk to your colleagues, manager, or relevant departments, such as Legal Services, HR and the CSR & Compliance department.

Reporting Channels

Terma also has 2 reporting channels to report concerns depending on the seriousness of the concern. Please note, that no classified information can be reported in any of the 2 systems.

Ethics Line

Terma’s Ethics Line offers a confidential and safe channel where any employee or third party of Terma (e.g. suppliers, consultants, etc.) can report concerns if they suspect that serious illegal misconduct or other potential wrongdoing is taking place. The Ethics Line system operates in strict compliance with data privacy regulation. All reported incidents will be handled in an anonymous and professional manner without fear of retaliation for reporting. Employees can report anonymously or by name to the system and the report will be automatically transferred to Terma’s Ethics Committee. The whole process is transparent and is described in the Ethics Line procedure in Terma’s Management System and on Terma’s internal Portal.

You can report serious illegal concerns and other potential wrongdoings including but not limited to:

- Criminal offences, including bribery, fraud, and forgery of documents
- Violence or assault against employees
- Security breaches
- Violation of laws and regulations Violations of trade sanctions

The full list of subjects that can be reported on can be found in Terma’s Ethics Line procedure.

[p.33] Tell us your Concerns

Terma’s system *Tell us your concerns* is for all concerns and reports that are not serious illegal misconduct and which do not classify to be reported via Terma’s Ethics Line. You cannot report a matter anonymously. All reports will be treated in a professional and confidential manner. The whole process is transparent and is described in the *Tell us your concerns* procedure in Terma’s Management System and on Terma’s internal Portal.

You can report concerns and other potential wrongdoings such as but not limited to:

- Bullying
- Harassment
- Environmental negligence
- General work conditions
- Discrimination

The full list of subjects that can be reported on can be found in Terma’s *Tell us your concerns* procedure. Reports concerning the physical working environment should not be reported in *Tell us your concerns*, but instead to your local Working Environment Representative and/or your local Work Council.

[23] Ethics line – Whistleblower system Page 1 (Webpage)

Accessed 28/10/2019

<https://terma.whistleblownetwork.net/FrontPages/Default.aspx>

Please choose a country and a language



Country	Language
België/Belgique	Please select a country to change the language
Danmark	
Deutschland	
France	
Nederland	
Singapore	
UK	
United States	
أبوظبي (UAE)	
भारत / இந்தியா (India)	
— Other country (EU) —	
— Other country (non-EU) —	

[8] Ethics line – Whistleblower system (Webpage)

Accessed 26/10/2019

<https://terma.whistleblownetwork.net/FrontPages/Default.aspx>

Ethics Line - Whistleblower system

Every violation report is important and helps us to prevent economic losses and damage to our reputation. With your help, we can ensure our integrity and reliability and thereby also our success.

Ethics Line can be used by Terma employees or employees of a Terma business partner (e.g. customers, suppliers, consultants, etc.).

Ethics Line may not be used to make false accusations against others, and altogether, deliberately untrue information may not be reported.

We encourage you to provide your name in the report. Regardless of whether you do so or not, please open a secure post box. This makes it safer and easier for us to communicate.

All reports are strictly confidential. You can find more information on this in menu section "Privacy policy" above.

WHAT CAN BE REPORTED?	ANONYMITY	OPEN A POST BOX
<p>In the whistleblower system, you can report serious matters such as, e.g., bribery, extortion, embezzlement, theft, accounting irregularities, etc.</p> <p>By "serious" is meant a misconduct or wrongdoing which may have or result in significant consequences to Terma or the life and health of individuals.</p> <p>Matters such as bullying, dissatisfaction with wages, violations of the alcohol policy, etc., should not be reported here. They should instead be reported through the normal channels, such as your manager, HR, Working Environment Representative or Terma's internal <i>Tell us your concerns</i> system.</p> <p>No export controlled information or</p>	<p>To ensure your anonymity, you must do the following:</p> <ul style="list-style-type: none"> • If possible, do not report from a PC provided by your employer. • Do not use a PC that is connected to the company's network/intranet. • Access the whistleblower system directly by copying or writing the URL address in an internet browser rather than by clicking on a link. • Do not write your own personal details. 	<p>When you send the report, you have the option to choose whether you remain available for further inquiries by opening a secure post box.</p> <p>We recommend that you make yourself available because we may not be able to finalise the case without further information from you.</p> <p>When you create a post box, you will be given a case number, and you will choose a password. You will use the case number and password to log in to the post box in order to see if you have received any questions.</p> <p>Regardless of whether or not you remain anonymous or you write your name, we ask you to open a post box. This makes it safer and easier for us to communicate.</p>
<p>information with a military classification may be included with the report. If a report contains such information, the Head of Security of Terma A/S or Terma North America for American classified information, will be notified immediately by the Ethics Committee.</p>		<p>All communication with us is anonymous if you wish it to be.</p>

[6] Corporate Social Responsibility Report 2019 (Document)

Accessed 25/10/2019

https://www.terma.com/static/csr_report2018-19/2-3/index.html

[p.11] Employee Code of Conduct and Reporting Channels

[...]

To further support our employees and strengthen our Employee Code of Conduct and compliance efforts, we also launched 2 reporting channels; Ethics Line and *Tell us your concerns*.

Ethics Line

This is Terma's global multilingual whistleblower system which offers a confidential and safe channel, where any employee or third party can report concerns if they suspect that serious illegal misconduct or other potential wrongdoing is taking place.

Employees and third parties can report anonymously or by name to the system. The report will automatically be transferred to Terma's Ethics Committee who reports to the Chairman of Terma's Board with the reported issue and the Committee's findings and conclusion of the investigation and recommendations for further action.

[4] Anti-Corruption and Business Ethics (Webpage)

Accessed 26/10/2019

<https://www.terma.com/csr/anti-corruption-and-business-ethics/>

Anti-Corruption Compliance Program

[...]

Moreover, Terma's internal and external whistleblower system, *Ethics Line*, as well as our internal case management system, *Tell us your concerns*, help us track, investigate, and respond to bribery and corruption allegations and incidents. Guidelines on appropriate investigation techniques have been developed to ensure quality investigations that are professional, confidential, and secure. Read more about Terma's Ethics Line here.

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a policy for conflicts of interest that covers actual and perceived conflicts of interest. The company’s policy specifically addresses possible conflicts arising from employee and government relationships, financial interests and other employment. In addition, there is evidence that this policy applies to all employees and board members.</p>
Evidence
<p>[10] Conflict of Interest Policy (Document) Accessed 26/10/2019 https://www.terma.com/media/472290/Conflict%20of%20Interest%20Policy.pdf [p.1] Introduction Terma respects its employees and their privacy. Nonetheless, we acknowledge that a conflict of interest can arise if the personal interests of an employee or an individual close to an employee (i.e. family member, close friend) diverge from those of Terma.</p> <p>In such circumstances, the ability of an employee to act with objectivity at the workplace could then be questioned. For instance with personal, social, financial, or political activities interfering or potentially interfering with their loyalty to Terma.</p> <p>Transparency is key in ensuring that there is no unresolved, implied, or actual conflict of interest. It is both in the interest of Terma and the employee.</p> <p>Scope and Definition</p> <p>A conflict of interest may exist when an employee’s personal interests diverge from the interests of Terma.</p> <p>Typical examples of conflicts of interest are: hiring relatives/close friends, being a manager for a relative/ friend, using relatives/friends as suppliers of goods or services, or having a financial interest in any transaction involving purchase or sale by Terma of any products or services.</p> <p>Our Commitment</p> <p>No personal interest should ever come above the interest of Terma.</p> <p>To Fulfill This Commitment, We Will:</p> <ul style="list-style-type: none"> • Ensure that all our employees are aware of, and trained in, Terma’s Conflict of Interest Policy. • Be transparent and talk openly about potential or actual conflicts of interest. <p>Compliance</p> <p>Terma’s Conflict of Interest Policy is part of our Anti-Corruption Compliance Program and, therefore, complies with relevant national and international legislations including, but not limited to, the Danish Criminal Code, the U.S. Foreign Corrupt Practices Act and the UK Bribery Act.</p> <p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Anti-Corruption</p>

Terma has a zero-tolerance policy regarding corruption and bribery. Our Anti-Corruption Policy as well as other policies within the topic Anti-Corruption & Business Ethics are described in our Employee Code of Conduct and Terma's Code of Conduct for Suppliers and Service Providers. One of these policies is for instance regarding Conflict of interest. When assessing conflict of interest, Terma looks at actual, potential or perceived conflict of interests regarding employee relationships, government relationships, financial interest and other employment.

All policies in the Employee Code of Conduct and Supplier Code of Conduct are applicable to all our employees, in all our operations, as well as to all our Board members. Top level commitment is essential in ensuring dedication, focus, and compliance within anti-corruption. Our work within anti-corruption and related policies is authorized, endorsed, and supported by our Board of Directors and President & CEO.

[2] Code of Conduct (Document)

Accessed 26/10/2019

https://www.terma.com/media/507643/terma_employee_code_of_conduct_eng.pdf

[p.4] Purpose and Scope

The Employee Code of Conduct is applicable to all Terma employees located around the world.

[p.8] Conflict of Interest Policy

[same evidence as Conflict of Interest Policy mentioned above]

[p.9] What is Expected of You?

You are expected to adhere to the highest integrity standards and to avoid any conflict of interest.

Never use your position, role, or corporate information, or act in any way contrary to the interest of Terma, to seek or gain benefits for yourself, your relatives, friends, or other third parties.

If ever in doubt on how to act, please consult the Ethical Decision Tree herein prior to making a decision. Still in doubt of whether it could be a conflict of interest, discuss the issue with your manager, the HR department, and/ or Legal Services.

We have just reorganized our department and in that process, my brother in-law is now reporting to me. Could this be a conflict of interest?

Yes, this is a conflict of interest. You are now in a situation where you can affect your brother-in-law's job tasks, salary, and promotion. You could favor him over the rest of his colleagues because of your close relationship. Your brother-in-law should either change department or reporting lines. Discuss and resolve the issue with the HR department.

[3] Anti-Corruption Policy (Document)

Accessed 25/10/2019

<https://www.terma.com/media/472281/Anti-Corruption%20Policy.pdf>

[p.1] Scope and Definition

Bribery, kickbacks/commissions, facilitation payments, extortion, conflict of interest, fraud and embezzlement are among others some of the many various forms of corruption. These are all defined in our Anti-Corruption Compliance Program.

[6] Corporate Social Responsibility Report 2019 (Document)

Accessed 25/10/2019

https://www.terma.com/static/csr_report2018-19/2-3/index.html

[p.12] Corruption comes in many forms, and therefore, Terma's Anti-Corruption Compliance Program covers various forms of corruption, such as but not limited to, bribery, facilitation payments, kickbacks/commissions, extortion, conflict of interest, fraud, and embezzlement.

[9] Corporate Social Responsibility Report 2018 (Document)

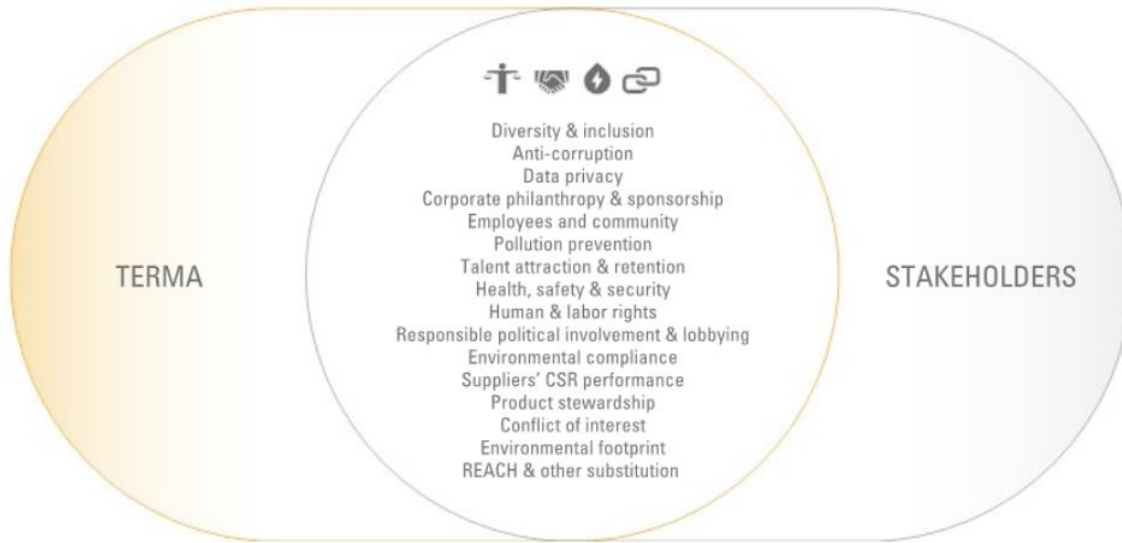
Accessed 26/10/2019

https://www.terma.com/static/csr_report2017-18/index.html

[p.12] Key stakeholders and materiality

Having an in-depth understanding of our stakeholders' and our own material issues is vital for our business operations.

[...]



[4] Anti-Corruption and Business Ethics (Webpage)

Accessed 26/10/2019

<https://www.terma.com/csr/anti-corruption-and-business-ethics/>

Anti-Corruption Compliance Program

[...]

Corruption comes in many forms and therefore Terma's Anti-Corruption Compliance Program covers various forms of corruption, such as, but not limited to, bribery, facilitation payments, kickbacks/commissions, extortion, conflict of interest, fraud, and embezzlement.

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has some procedures in place to identify, declare and manage conflicts of interest, including actual and potential conflicts. The company states that employees should seek advice in instances where potential conflicts of interest arise. The company provides one example of a criterion for recusal.</p> <p>However, the company receives a score of '1' because there is no evidence that all employee and board member declarations are held in a dedicated central register that is accessible by those responsible for oversight of the process. There is also no indication that a central body or senior individual is responsible for oversight and accountability of handling cases, nor that the policy states that disciplinary measures will apply if the policy is breached.</p>
Evidence
<p>[2] Code of Conduct (Document) Accessed 26/10/2019 https://www.terma.com/media/507643/terma_employee_code_of_conduct_eng.pdf [p.5] Ethical Decision Tree</p> <pre> graph TD Q1[Is it legal?] -- YES --> Q2[It it ethical?] Q1 -- NO/UNSURE --> Stop[Do not continue] Q2 -- YES --> Q3[Is it consistent with Terma's Employee Code of Conduct?] Q2 -- NO/UNSURE --> Stop Q3 -- YES --> Q4[Would it be suitable in a global context?] Q3 -- NO/UNSURE --> Stop Q4 -- YES --> Q5[Am I setting the right example?] Q4 -- NO/UNSURE --> Stop Q5 -- YES --> Q6[Would it affect Terma's reputation positively/-neutrally if it became public?] Q5 -- NO/UNSURE --> Stop Q6 -- YES --> Q7[How would the person I respect the most view this course of action?] Q6 -- NO/UNSURE --> Stop Q7 -- YES --> Q8[Would I be comfortable seeing it reported in the news?] Q7 -- NO/UNSURE --> Stop Q8 -- YES --> Continue[You may continue] Q8 -- NO/UNSURE --> Stop </pre> <p>Do not continue Contact your manager, Legal Services, or other relevant departments, or if appropriate, report to our Ethics Line.</p> <p>You may continue</p>
[p.9] What is Expected of You?
You are expected to adhere to the highest integrity standards and to avoid any conflict of interest.

Never use your position, role, or corporate information, or act in any way contrary to the interest of Terma, to seek or gain benefits for yourself, your relatives, friends, or other third parties.

If ever in doubt on how to act, please consult the Ethical Decision Tree herein prior to making a decision. Still in doubt of whether it could be a conflict of interest, discuss the issue with your manager, the HR department, and/ or Legal Services.

We have just reorganized our department and in that process, my brother in-law is now reporting to me. Could this be a conflict of interest?

Yes, this is a conflict of interest. You are now in a situation where you can affect your brother-in-law's job tasks, salary, and promotion. You could favor him over the rest of his colleagues because of your close relationship. Your brother-in-law should either change department or reporting lines. Discuss and resolve the issue with the HR department.

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
0
Comments
There is no publicly available evidence that the company has a policy regulating the employment of current or former public officials.
Evidence
No evidence found.

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
2
Comments
The company publishes a clear statement that it does not engage or contract the services of serving politicians.
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Political Stakeholder Engagement</p> <p>Operating in the defence, aerospace, and security sector, Terma's business framework and conditions are shaped and regulated by policy makers, governments, and other authorities in our external business environment. Consequently, it is a prerequisite for our business operations to maintain an ongoing dialogue with political stakeholders.</p> <p>All our interactions with our external business environment are conducted based on our principles of responsible lobbying. This means that in all engagements, Terma employees, board members, and third parties, must adhere to the highest ethical standards and Terma's Employee Code of Conduct.</p> <p>For monitoring purposes, we keep track of our political interactions with senior government officials. This includes meetings, visits at Terma premises, exhibitions, and export promotion delegations. At the EU level, Terma is registered in the EU Transparency Register.</p> <p>Terma's involvement in political and public affairs is primarily carried out through our memberships of trade associations and organizations. We do not contract serving politicians. Currently, Terma is a member of:</p> <ul style="list-style-type: none"> • DI (Confederation of Danish Industry) • FAD (Danish Defence and Securities Association) • Censec (Centre for Defence Space and Security) • Naval Team Denmark • AmCham Denmark • American Danish Business Forum • ASD (Aerospace Defence Industries Association of Europe) • NIDV (The Dutch Security and Defence-Related Industry) • BSDV (The German Security and Defence Industry) • NDIA (National Defense Industrial Association) • Army Aviation Association of America • NGAUS (National Guard Association) • Air Traffic Control Association • CADSI (Canadian Association of Defence and Security Industries) • FICCI (Federation of Indian Chambers of Commerce and Industries) <p>For further information, please contact Terma, Market Development.</p>

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
2
Comments
Based on publicly available information, there is evidence that the company has a policy on corporate political contributions. The company clearly states all political contributions, whether by the company itself or by any other entity or individual acting on the company's behalf, are prohibited in all circumstances.
Evidence
<p>[11] Charitable and Political Contributions Policy (Document) Accessed 26/10/2019 https://www.terma.com/media/472284/Charitable%20and%20Political%20Contributions%20Policy.pdf [p.1] Terma is a member of a number of trade associations, organizations, and industrial partnerships relating to our industry and our membership may indirectly involve contributions to political parties, which is a decision made by the trade association and has nothing to do with our business. Terma, itself, refrains from donating political contributions.</p> <p>Scope and Definition</p> <p>[...] Political contributions are contributions to political parties.</p> <p>Our Commitment</p> <p>We wish to invest in the societies where we operate.</p> <p>To Fulfill This Commitment, We Will:</p> <p>[...]</p> <p>All contributions shall be able to tolerate public scrutiny.</p> <p>Register all contributions and be transparent. Never give political contributions.</p> <p>[2] Code of Conduct (Document) Accessed 26/10/2019 https://www.terma.com/media/507643/terma_employee_code_of_conduct_eng.pdf [p.12] [same evidence as Charitable and Political Contributions Policy mentioned above]</p> <p>[p.13] What is Expected of You?</p> <p>[...]</p> <p>Never provide a political contribution on behalf of Terma.</p> <p>If ever in doubt on how to act, please consult the Ethical Decision Tree herein prior to making a decision. Still in doubt, discuss the issue with your manager and/or the CSR & Compliance Department.</p>

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
N/A
Comments
The company publishes a clear statement that it does not make any political contributions, and therefore it is exempt from scoring on this question.
Evidence
No evidence found.

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy and procedure covering charitable donations and sponsorships. There is evidence that these policies include measures to ensure that such donations are not used as vehicles for bribery and corruption. The company indicates that all contributions must be appropriately registered.</p> <p>However, the company receives a score of '1' because there is no evidence that it specifies criteria for donations, procedures for senior sign-off on donations or that it requires due diligence to be undertaken on recipients. There is also no evidence that the company publishes full details of all charitable donations made on an annual basis, including details of the recipient, amount, country of recipient and which corporate entity made the payment.</p>
Evidence
<p>[11] Charitable and Political Contributions Policy (Document) Accessed 26/10/2019 https://www.terma.com/media/472284/Charitable%20and%20Political%20Contributions%20Policy.pdf [p.1] Introduction Terma is a global company and, as a good corporate citizen, wishes to give back to the societies where we operate. Therefore we engage in various forms of charitable contributions, such as sponsorships.</p> <p>Terma's Executive Management defines which charitable contributions Terma makes.</p> <p>[...]</p> <p>Scope and Definition</p> <p>Charitable contributions cover grants, donations, and sponsorships to among others non-governmental organizations, universities, individuals, fairs and events.</p> <p>[...]</p> <p>Our Commitment</p> <p>We wish to invest in the societies where we operate.</p> <p>To Fulfill This Commitment, We Will:</p> <p>Never provide any charitable contributions in return for a potential hidden or unfair benefit or advantage to our business. All contributions shall be able to tolerate public scrutiny.</p> <p>Register all contributions and be transparent.</p> <p>[6] Corporate Social Responsibility Report 2019 (Document) Accessed 26/10/2019 https://www.terma.com/static/csr_report2018-19/2-3/index.html [p.8] Our Background</p> <p>Terma has deep and proud roots in Denmark, tracing its origins back to 1944. Terma is owned by the Thomas B. Thrige Foundation, which is an independent legal entity without owners.</p> <p>[...]</p> <p>The Foundation grants 40–70 donations annually to universities, technical or scientific museums, research</p>

purposes, international scientific conferences, PhD students, and case competitions for university students.

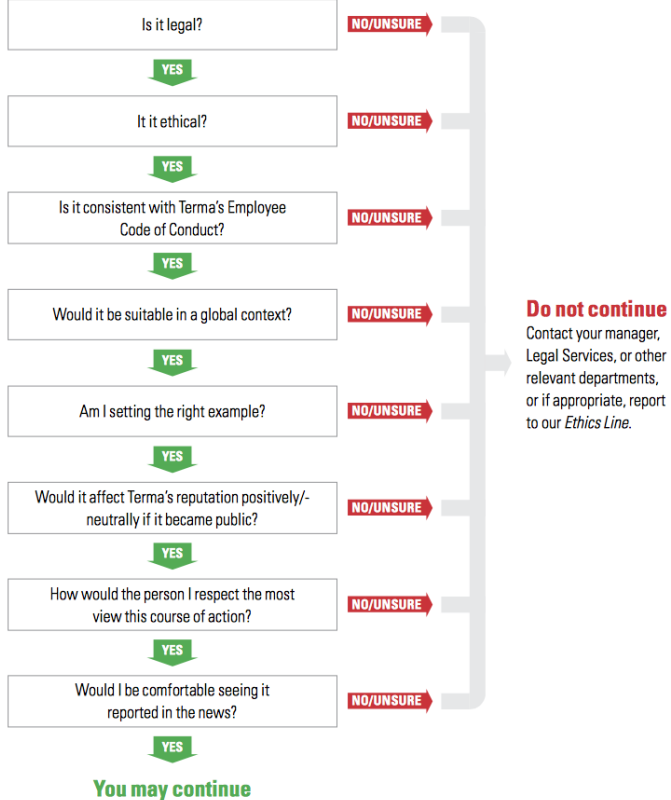
[p.9] Contributions to communities
We engage in partnerships with local communities

[2] Code of Conduct (Document)

Accessed 26/10/2019

https://www.terma.com/media/507643/terma_employee_code_of_conduct_eng.pdf

[p.5] Ethical Decision Tree



[p.12] [same evidence as Charitable and Political Contributions Policy mentioned above]

[p.13] What is Expected of You?

Before providing a charitable contribution, ensure that no conflict of interest exists.

Register all contributions and be transparent.


[...]

If ever in doubt on how to act, please consult the Ethical Decision Tree herein prior to making a decision. Still in doubt, discuss the issue with your manager and/or the CSR & Compliance Department.

We are bidding for a contract in Spain. The customer’s sister runs a non- governmental organization (NGO). The organization does a lot of good work helping children of the streets. A donation will help the NGO’s important work and show the customer that we are a responsible company. Can we make a donation?

No, making a donation can be perceived as giving us an unfair advantage and could also lead to a conflict of interest if we were to get the contract.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a policy on lobbying. There is evidence that the company has guidelines in place that describe responsible lobbying behaviour and outline the standards of conduct expected from lobbyists. There is also evidence that the company has specific oversight mechanisms in place. This policy applies to all employees, board members and third parties lobbying on the company's behalf.</p>
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Political Stakeholder Engagement</p> <p>Operating in the defence, aerospace, and security sector, Terma's business framework and conditions are shaped and regulated by policy makers, governments, and other authorities in our external business environment. Consequently, it is a prerequisite for our business operations to maintain an ongoing dialogue with political stakeholders.</p> <p>All our interactions with our external business environment are conducted based on our principles of responsible lobbying. This means that in all engagements, Terma employees, board members, and third parties, must adhere to the highest ethical standards and Terma's Employee Code of Conduct.</p> <p>For monitoring purposes, we keep track of our political interactions with senior government officials. This includes meetings, visits at Terma premises, exhibitions, and export promotion delegations. At the EU level, Terma is registered in the EU Transparency Register.</p> <p>[...] For further information, please contact Terma, Market Development.</p> <p>[9] Corporate Social Responsibility Report 2018 (Document) Accessed 26/10/2019 https://www.terma.com/static/csr_report2017-18/index.html [p.12] Key stakeholders and materiality Having an in-depth understanding of our stakeholders' and our own material issues is vital for our business operations.</p> 



Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
0
Comments
<p>There is no publicly available evidence that the company publishes any information on its lobbying aims, topics or activities. The company provides some information on its memberships with trade associations and organisations, and indicates that its involvement in public affairs primarily takes place through these channels, but it does not provide further information on its aims or the topics on which it lobbies.</p>
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 26/10/2019 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Political Stakeholder Engagement</p> <p>[...]</p> <p>Terma’s involvement in political and public affairs is primarily carried out through our memberships of trade associations and organizations. Currently, Terma is a member of:</p> <ul style="list-style-type: none"> • DI (Confederation of Danish Industry) • FAD (Danish Defence and Securities Association) • Censec (Centre for Defence Space and Security) • Naval Team Denmark • AmCham Denmark • American Danish Business Forum • ASD (Aerospace Defence Industries Association of Europe) • NIDV (The Dutch Security and Defence-Related Industry) • BSDV (The German Security and Defence Industry) • NDIA (National Defense Industrial Association) • Army Aviation Association of America • NGAUS (National Guard Association) • Air Traffic Control Association • CADSI (Canadian Association of Defence and Security Industries) • FICCI (Federation of Indian Chambers of Commerce and Industries)

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
0
Comments
There is no evidence that the company publishes any details of its global lobbying expenditure.
Evidence
No evidence found.

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
2
Comments
<p>There is evidence that the company has a policy on the giving and receipt of gifts and hospitality with clear procedures designed to ensure that such promotional expenses are bona fide and not used for bribery. This policy establishes financial limits, along with an approval procedure, for the different types of promotional expense that employees may encounter. The policy also addresses the risks associated with gifts and hospitality given to and received from domestic and foreign public officials.</p> <p>In addition, the company's policy includes a clear statement that all gifts and hospitality above certain thresholds are recorded in a dedicated central register that is accessible to those responsible for oversight of the process.</p>
Evidence
<p>[12] Gift and Hospitality Policy (Document) Accessed 26/10/2019 https://www.terma.com/media/472308/Gift%20and%20Hospitality%20Policy.pdf [p. 1] Introduction Both the giving and the receiving of gifts and hospitality, including other business courtesies, can be viewed as bribes if they are given with the (unexpressed) expectations of improperly receiving a benefit in return.</p> <p>In general, Terma's employees should not accept gifts.</p> <p>Terma recognizes that the giving of smaller, nominal and modest gifts may be a natural and perfectly legitimate part of a business relationship, depending on the local culture and customs.</p> <p>To ensure that no receiving or giving of gifts or hospitality can be perceived as bribery, it is important that employees comply with Terma's Gift and Hospitality Policy, as well as underlying gift and hospitality procedures.</p> <p>Scope and Definition</p> <p>Gifts are physical items which can be perishable or non-perishable. Gifts should never be in the form of cash or cash equivalents such as gift certificates, stocks, bonds, and virtual currency.</p> <p>Hospitality means all forms of expense made to entertain guests, business courtesy, travel or lodging, or an invitation to a sporting or cultural event. If a representative of the giving organization does not accompany the recipient or participate in the event, then the hospitality is not hospitality, but, instead a gift.</p> <p>Our Commitment</p> <p>Terma employees will never give or receive gifts and hospitality with an expectation of a benefit in return.</p> <p>Terma has a zero-tolerance policy towards all forms of corruption and corrupt practices.</p> <p>To Fulfill This Commitment, We Will:</p> <ul style="list-style-type: none"> -Be transparent about what we give and what we receive. -Register all gifts and hospitality. -Ensure that our employees are trained in our gift and hospitality policy and procedures. <p>Compliance</p>

Terma's Gift and Hospitality Policy and procedures are part of our Anti-Corruption Compliance Program which complies with relevant national and international legislations including, but not limited to, the Danish Criminal Code, the U.S. Foreign Corrupt Practices Act and the UK Bribery Act.

[2] Code of Conduct (Document)

Accessed 26/10/2019

https://www.terma.com/media/507643/terma_employee_code_of_conduct_eng.pdf

[p.10] [same evidence as the Gift and Hospitality Policy mentioned above]

[p.11] What is Expected of You?

Explain to your counterpart as early as possible during the relationship Terma's Gift and Hospitality Policy.

Only accept or give gifts and hospitality that are modest in size, culture appropriate, and that can be subject to public scrutiny.

Never accept or give gifts in the form of cash or gift certificates.

Ensure that what you give or receive can never be misunderstood as a bribe by the recipient or other parties. Register all gifts and hospitality.

If ever in doubt on how to act, please consult the Ethical Decision Tree herein prior to making a decision. Still in doubt, discuss the issue with your manager, Legal Services, and/or the CSR & Compliance Department. I have been invited by one of our customers to dinner and a show. He called this morning to let me know he would be detained and that I should use the ticket for my wife instead. Can my wife use the ticket? As the customer is no longer attending the show, the invitation has become a gift and no longer hospitality. It would be improper to accept tickets for a show for your wife and yourself. Kindly decline the offer.

[19] Terma's Code of Conduct Regarding Anti-Corruption (Document)

Accessed 28/10/2019

https://www.terma.com/media/328690/terma_code_of_conduct_abstract_160620.pdf

[p.1] Bribery

- Employees, consultants, agents or others who represent Terma are not allowed to give, offer to give, promise or receive any kind of bribes, or to encourage or participate indirectly in bribery by use of a third party.
- Employees or others, who represent Terma, are not allowed to make use of so-called "facilitation payments".
- Employees or others, who represent Terma, are not allowed to pay, offer to pay, promise or receive kickbacks.

Gifts and Entertainment

Smaller gifts for a cooperation partner may be a natural and perfectly legitimate part of a business relationship.

Therefore, on certain occasions it is only natural for Terma and our cooperation partners to exchange smaller gifts. Obviously, these gifts must only be of nominal value so that they do not embarrass the recipient or make him feel that he owes something in return.

Gifts:

- Employees or others who represent Terma are not allowed to give, offer to give, promise or receive gifts, which are obviously suited to influence the decision-making of the recipient.
- Paying your own share of expenses in connection with travelling abroad and conferences does not exclude the fact that the travel or conference might be a gift, as the value may exceed the boundaries set by Terma's Code of Conduct.

[p.2]

- Furthermore, Terma must respect the recipient's gift policy as long as it does not conflict with Terma's Code of Conduct.
- Employees and others who represent Terma are not allowed to give, offer to give or promise lavish gifts, which the recipient is not able to repay with a gift of similar value.
- Gifts must always tolerate public scrutiny and may only be offered/received on official occasions such as jubilees and special birthdays.

-Employees or others who represent Terma are not allowed to give, offer to give, promise or receive gifts in connection with proposals, evaluation of proposals or contract negotiations. An exception is official, ceremonial gifts presented or exchanged in connection with the final signing of a contract. Such gifts must tolerate public scrutiny.
 -Employees or others, who represent Terma, are not allowed to give, offer to give, promise or receive cash or other gifts comparable with cash.

Entertainment

-Terma has many different relations with our cooperation partners at different levels. Entertainment has to reflect the occasion so that you entertain your guests in a suitable manner without creating expectations of something in return.
 -Meetings and entertainment have to be planned and carried out in such a manner that it can tolerate public scrutiny at all times. Obviously, this also applies to events hosted by Terma.
 -Entertainment, including dinner invitations, must never have as a specific aim to gain an improper advantage to Terma

[4] Anti-Corruption and Business Ethics (Webpage)

Accessed 16/04/2020

<https://www.terma.com/csr/anti-corruption-and-business-ethics/>

Risk assessment, due diligence and training

[...]

Training is also given within Terma’s Gift and Hospitality Policy and Procedure, which among others addresses the risks associated with gifts and hospitality given to and/or received from domestic and foreign public officials with financial limits/thresholds for this stakeholder group and other categories of stakeholders. Employees have received the policy and procedure that guides them on registration, approval procedure for different types of gifts, hospitality, promotional expenses and business courtesies. All gifts and hospitality are registered and monitored by the Head of CSR & Compliance who has access to the data and oversight of the process.

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
2
Comments
<p>There is evidence that the company requires the involvement of its procurement department in the establishment of new suppliers. This department is ultimately responsible for providing oversight of the company's supplier base. There is evidence that the company assures itself that proper procedures regarding the onboarding of suppliers are followed through clearly stated means, such as an audit, at least every three years.</p>
Evidence
<p>[14] Responsible Supply chain Management (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/responsible-supply-chain-management/ Integrating social responsibility in the supply chain</p> <p>[...]</p> <p>Terma's Supply Chain Management department is responsible for the establishment of all new supplier relationships and oversight of the supplier base. Terma assures itself that proper procedures regarding the onboarding of suppliers are followed through clearly stated means, such as an audit, at least every three years.</p> <p>[13] Procurement and Supply chain (Webpage) Accessed 27/10/2019 https://www.terma.com/about-us/procurement-supply-chain/ Terma's ability to meet our customers' needs and to be best in class within our segments is dependant on an excellent base of suppliers.</p> <p>Doing business with Terma is valued in a professional and positive atmosphere. Our goal is to always deliver what we promise - meaning that the solution or delivery has to fulfill safety, quality, and affordability criteria.</p> <p>We value long-term partnerships, risk sharing, and high credibility within the business relation. Moreover, we constantly strive to optimize the supply chain through forecasting and Lean activities in order to drive cost out of the supply chain.</p> <p>Our Procurement & Supply Chain function is located in Denmark and the U.S. and serves all Terma locations, production, and manufacturing facilities:</p> <ul style="list-style-type: none"> -Aerostructures (AES) at Grenaa is served by AES Procurement -Space, Defense & Security in Lystrup and Herlev are served by Operations -Terma North America (TNA) is served by TNA Procurement

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has formal procedures to conduct due diligence on its suppliers. There is evidence to suggest that highest risk suppliers are subject to enhanced due diligence.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that its due diligence includes checks on the ultimate beneficial ownership of suppliers. Furthermore, there is no evidence that the company repeats due diligence at least every two years or whenever there is a change in the business relationship. There is also no evidence to suggest that the company might be willing to review or terminate supplier relationships if a red flag highlighted in the due diligence cannot be mitigated.</p>
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 27/10/2019 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Risk assessment, due diligence, and training</p> <p>[...]</p> <p>Moreover, due diligence processes for third parties and suppliers are tailored to the risk profile of the party: high, medium, or low.</p> <p>[6] Corporate Social Responsibility Report 2019 (Document) Accessed 27/10/2019 https://www.terma.com/static/csr_report2018-19/2-3/index.html [p.23] Responsible Supply Chain Management Program</p> <p>In the upcoming fiscal year, we will continue our dedicated work on the Responsible Supply Chain Management Program which targets to describe our due diligence process, third party risk profiles, and various procedures and processes. We are currently in the process of dividing our suppliers into categories and assessing the risk profile of each category.</p> <p>The type of risk profile will define the due diligence process that the supplier will go through. Moreover, we have partnered up with an external third party, who is in the midst of assessing the majority of our key suppliers that we use in our production process. These suppliers are asked to document their process within human rights, anti-corruption, and conflict minerals.</p>

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company requires suppliers to have adequate anti-bribery and corruption policies and procedures in place. The company states that all contracts with suppliers include the company’s anti-corruption provisions. In addition, the company requires that suppliers adhere to its Code of Conduct for Suppliers and Service Providers, which prohibits bribery and facilitation payments, and stipulates procedures to address conflicts of interest, gifts and hospitality and whistleblowing. There is evidence that the company assures itself of this when onboarding new suppliers, and includes audit rights in its contracts with suppliers to ensure their continued compliance.</p>
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 27/10/2019 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Risk assessment, due diligence, and training</p> <p>[...]</p> <p>As a minimum, all contracts with third parties and suppliers include our anti-corruption provisions.</p> <p>[15] Code of Conduct for Suppliers and Service Providers (Document) Accessed 27/10/2019 https://www.terma.com/media/471693/terma_supplier_code_of_conduct_final.pdf [p.5] Scope and Governance</p> <p>Terma recognizes that its social, financial, and environmental impact is highly linked to its supply chain and business partners, and we therefore hold our suppliers, business partners, and other stakeholders to the same standards as we hold ourselves to.</p> <p>We expect all our suppliers, business partners, and other third parties with whom we cooperate to behave in respect of this commitment, and to adhere to legal requirements as well as best practices with regard to ethics and social responsibility. Our suppliers and sub-contractors at any tier as well as our contractors, distributors, and other service providers (hereinafter referred to collectively as “Suppliers”) are particularly important in this regard, and we expect them to live up to the same ethical standards (such as the United Nations Global Compact) as we do and to actively work towards improved ethical and responsible business practices.</p> <p>The Terma Code of Conduct for Suppliers and Service Providers sets out the principles that Terma requires its Suppliers to commit to as part of a joint effort towards continuous progress, sustainable development, and improved ethical business practices. Our Suppliers are required to cascade these principles throughout their own organization and supply chain; and are encouraged to implement and adhere to their own similar code of conduct.</p>
<div style="background-color: #333; color: white; padding: 10px;"> <p>Legal Compliance</p> <p>In addition to this Code of Conduct, we expect our Suppliers to comply with all applicable laws and regulations and prevailing industry standards. To the extent that any such laws, regulations, or standards differ from this Code of Conduct, Suppliers are expected to comply with the more stringent requirements.</p> <p>Keeping accurate records Keeping accurate records is something we require from all our Suppliers. All records, regardless of their format, made or received as evidence of a business transaction, shall fully and accurately represent the transaction or event being documented. When a record is no longer needed to conduct current business, records shall still be retained based on applicable retention requirements.</p> <p>Suppliers delivering under a U.S. Government contract (whether directly or indirectly) shall comply with the requirements in Federal Acquisition Regulation (FAR), Subpart 4.703.</p> </div>

[p.9] Ethical Business and Fair Operating Practices

Anti-Corruption

Corruption and corrupt practices are illegal and unacceptable; they promote inequality, lead to distortion of competition, put employees and businesses at risk, tarnish brand, and destroy future business opportunities.

Therefore, Terma strongly dissociates itself from corruption and corrupt practices and requires from its Suppliers that they comply with the anti-corruption and anti-bribery laws, directives, and regulations that govern operations in the countries in which Suppliers do business as well as global anti-corruption laws.

Suppliers, including their officers, directors, employees, consultants, agents, or Suppliers, shall refrain from offering or making any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons. This includes a prohibition on facilitation payments intended to expedite or secure performance of a routine governmental action like obtaining a visa or customs clearance, even in locations where such activity may not violate local law. It also includes a prohibition of paying, offering to pay, or receiving kickbacks.

We require our Suppliers to exert due diligence to prevent and detect corruption in all business arrangements, including partnerships, joint ventures, offset agreements, and the hiring of intermediaries such as agents and consultants.

Gifts and Business Hospitality

We expect our Suppliers to compete on the merits of their products and services. The exchange of business courtesies may not be used to gain an unfair competitive advantage or exercise improper influence. In any business relationship, our Suppliers shall ensure that the offering or receipt of any gift or business courtesy is permitted by law and regulation, and that these exchanges do not violate the rules and standards of the recipient's organization and are consistent with reasonable marketplace customs and practices

[p.10] Political Contribution, Charitable Contribution and Sponsorships

Terma expects its Suppliers to avoid any political contributions, charitable donations, or sponsorships that would aim at or give the appearance of aiming at gaining an unfair competitive advantage or exercising improper influence.

Conflict of Interest

Terma expects its Suppliers to avoid all conflicts of interest or situations giving the appearance of a potential conflict of interest in their dealings with Terma. We expect our Suppliers to provide notification to all affected parties in the event that an actual or potential conflict of interest arises. This includes a conflict between the interests of Terma and personal interests or those of close relatives, friends, or associates of a Supplier or its employees.

[p.13] Implementation and Expectations

We require our Suppliers to maintain an effective ethics and compliance program and to comply with this Code of Conduct. Supplier compliance with this Code of Conduct will be verified by Terma.

Whistleblower Protection

Our Suppliers are expected to provide their employees with channels for raising legal or ethical issues or concerns without fear of retaliation. Our Suppliers shall also take action to prevent, detect, and correct any retaliatory practices.

Suppliers can make use of Terma's whistleblower system Ethics Line if they experience any serious illegal misconduct.

Violations of this Code of Conduct

Terma reserves the right to audit its Suppliers to ensure they are complying with and have implemented the principles outlined in this Code of Conduct or an equivalent internal code of conduct. Suppliers shall cooperate and support such audits.

In substitution of such audit, Terma may review audit reports (not older than 1 year) made by a reputable independent auditing firm.

Terma may at any time request Suppliers to provide relevant documentation of compliance with this Code of Conduct. Documentation may be in the form of code of conducts, policies, certificates, procedures, or any other evidence of compliance.

Suppliers shall provide such documentation within ten (10) working days. Upon Supplier's written request, Terma may, at its sole option, agree to extend the deadline.

If the Supplier does not provide the requested documentation within the stipulated time limits, Terma is entitled to withhold amounts from its payments to the Supplier until the Supplier has provided the required documentation. Unjustified failure to deliver the documentation required in due time shall furthermore be construed as a material violation of this Code of Conduct.

Non-compliance in regard to the requirements in this Code of Conduct shall be deemed to exist if any deliverables supplied, in whole or in part, have been manufactured or is delivered under methods where any such requirement has not been observed. Failure to inform Terma on its own initiative and to take the necessary steps as stipulated in this Code of Conduct shall furthermore be construed as a violation of this Code of Conduct.

In the event of a violation of this Code of Conduct, Terma may pursue corrective action to remedy the situation. In the case of an actual or possible violation of law or regulation, we may be required to report to relevant authorities.

We reserve the right to terminate our relationship or take any other appropriate action with any Supplier under the terms of the existing contract(s) for any verified material breach.

[6] Corporate Social Responsibility Report 2019 (Document)

Accessed 27/10/2019

https://www.terma.com/static/csr_report2018-19/2-3/index.html

[p.23] Besides ensuring that our internal processes are ethically, environmentally, and socially responsible, it is also important that we set these requirements towards our suppliers and third parties with whom we interact. If we all set these requirements, we can together raise the bar and hopefully ensure that standards are raised globally.

Code of Conduct

Our Code of Conduct for Suppliers and Service Providers describes the requirements within Human Rights, Environment, Ethical Business and Fair Operating Practices, Quality and Responsible Sourcing as well as Information and Data Protection that we expect our suppliers and service providers to comply with. We have updated our Code of Conduct for Suppliers and Service Providers to include reference to among others the 48 human rights, as listed in the International Bill of Human Rights, as well as to our whistleblower system Ethics Line, which is accessible to all employees of third parties to Terma. All new suppliers and service providers, as well as those we renegotiate contracts with, will receive the new Code of Conduct.

[2] Code of Conduct (Document)

Accessed 27/10/2019

https://www.terma.com/media/507643/terma_employee_code_of_conduct_eng.pdf

[p.32] Ethics Line

Terma's Ethics Line offers a confidential and safe channel where any employee or third party of Terma (e.g. suppliers, consultants, etc.) can report concerns if they suspect that serious illegal misconduct or other potential

wrongdoing is taking place. The Ethics Line system operates in strict compliance with data privacy regulation. All reported incidents will be handled in an anonymous and professional manner without fear of retaliation for reporting.

[14] Responsible Supply chain Management (Webpage)

Accessed 27/10/2019

<https://www.terma.com/csr/responsible-supply-chain-management/>

Terma recognizes that its' social, financial, and environmental impact is highly linked to its supply chain and business partners, and we therefore hold our suppliers, business partners, and other stakeholders to the same standards as we hold ourselves.

[...]

Integrating social responsibility in the supply chain

Being a responsible company means engaging where possible in our sphere of influence to ensure that our partners adhere to the same principles as we do. It is about raising awareness, clarifying the requirements and standards. It is evidently working with our supply chain towards reducing the environmental, ethical, and social impacts and risks.

[...]

Terma's Code of Conduct for Suppliers and Service Providers describes the requirements that we have towards our suppliers and other third parties with whom we do business. We expect all our business partners to behave in respect of this commitment in a joint effort towards continuous progress, sustainable development, and improved ethical business practices. Our suppliers are required to cascade these principles throughout their own organization and supply chain; and are encouraged to implement and adhere to their own similar codes of conduct.

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
1
Comments
Based on publicly available information, there is evidence that the company takes steps to ensure that the substance of its anti-corruption programme is required of sub-contractors throughout its supply chain. However, the company receives a score of '1' because it does not provide further details on how it ensures this in practice.
Evidence
<p>[15] Code of Conduct for Suppliers and Service Providers (Document) Accessed 27/10/2019 https://www.terma.com/media/471693/terma_supplier_code_of_conduct_final.pdf [p.5] Scope and Governance</p> <p>[...]</p> <p>The Terma Code of Conduct for Suppliers and Service Providers sets out the principles that Terma requires its Suppliers to commit to as part of a joint effort towards continuous progress, sustainable development, and improved ethical business practices. Our Suppliers are required to cascade these principles throughout their own organization and supply chain; and are encouraged to implement and adhere to their own similar code of conduct.</p> <p>[14] Responsible Supply chain Management (Webpage) Accessed 27/10/2019 https://www.terma.com/csr/responsible-supply-chain-management/ Terma's Code of Conduct for Suppliers and Service Providers describes the requirements that we have towards our suppliers and other third parties with whom we do business. We expect all our business partners to behave in respect of this commitment in a joint effort towards continuous progress, sustainable development, and improved ethical business practices. Our suppliers are required to cascade these principles throughout their own organization and supply chain; and are encouraged to implement and adhere to their own similar codes of conduct.</p>

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or anti-bribery and corruption investigations or disciplinary actions involving its suppliers.
Evidence
No evidence found.

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a clear policy to control the use of agents which addresses the corruption risks associated with the use of agents and provides details of specific controls to mitigate these risks. As part of this policy, the company commits to establishing and verifying that the use of an agent is, in each case, necessary to perform a legitimate business function. There is evidence that this policy applies to all divisions within the organisation which might employ agents, including subsidiaries and joint ventures.</p>
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Risk assessment, due diligence, and training Being based in one of the least corrupt nations globally, we could easily be left blind to a specific risk factor. Therefore, we regularly update our risk assessment on corruption. Working with anti-corruption is a constant process, where improvement and iterations are required. This also allows for solid foundation to build relevant training for both our employees and market consultants, as well as efficient due diligence mechanisms.</p> <p>Terma cooperates with 41 marketing consultants, who are sometimes informally referred to as “agents”. The marketing consultants represent Terma’s interests in various locations all over the world. Before making use of these, we establish and verify in each case that the use of these are necessary to perform a legitimate business function. Having marketing consultants is a key element of our business, as they provide local knowledge and facilitate new business ventures.</p> <p>Terma’s marketing consultants are carefully selected, and beyond our own training and internal due diligence, they all must go through a due diligence process that is carried out by the Ministry of Foreign Affairs of Denmark. Terma’s internal due diligence is formal procedure that requires all marketing consultants to make a self-assessment based on a self-evaluation form. This provides Terma with important information regarding ownership, financial highlights as well as information regarding potential ethical and legal issues, if there have been any. This information together with the due diligence report elaborated by the Ministry of Foreign Affairs, ensures that Terma doesn’t sign up with any marketing Consultants that are not compliant. Due diligence is repeated every 2 years or when there is a significant change in the business relationship. We do not engage with marketing consultants or other third parties where the risk identified in the due diligence process cannot be mitigated. If we are already engaged with them, then we will terminate our engagement if the red flags in the due diligence cannot be mitigated.</p> <p>Our market consultants have also completed online anti-corruption e-learning modules developed by the UN, made available for companies like us, via the UNGC. The selected marketing consultants working for Terma must adhere to the same policies and guidelines as our employees and are subject to local domestic legislation where they operate. Our policy for the use of marketing consultants also applies to our subsidiaries and joint ventures.</p> <p>Terma has an incentive structure vis-à-vis our Marketing consultants that reflects the value they create to the company and that prevents any unethical behavior. Terma commits to only paying our Marketing Consultants into local bank accounts of the country where the Marketing Consultant operates.</p>

[16] Corporate Social Responsibility Report 2017 (Document)

Accessed 28/10/2019

https://www.terma.com/static/csr_report2016-17/index.html#1

[p.6] Responsible business partner in all our relations

Focus on anti-corruption with our agents

Terma strongly dissociates itself from any kind of bribery and works hard to ensure that the company and our employees step back from bribery or any other kind of corruption; neither as a provider nor as a recipient. Typically, working with agents can bring additional risks, and we have therefore for a long time focused on these business partners. This focus was continued and further expanded in 2016/17.

Additional material has been made available to our agents and representatives to ensure their continued adherence to our requirements and that their awareness and understanding of Terma's expectations are further strengthened. Furthermore, we have committed to making an external screening of all the agents who work for Terma.

The work has started and will continue in 2017 with the objective of having all current agents screened and representatives re-screened in 2018. All new agents and representatives are screened beforehand.

[17] Industrial Cooperation and Partnerships (Webpage)

Accessed 28/10/2019

<https://www.terma.com/about-us/industrial-cooperation-and-partnerships/>

Industrial cooperation is a key element in Terma's business.

[...]

Our approach to cooperation and partnerships always adhere to Terma's Code of Conduct as well as our relevant internal policies, procedures, and training requirements. Furthermore, the IC&P department monitors and oversees the existing ventures, while coordinating quality checks for any new business partners as part of Terma's formal due diligence process. This is also done to ensure that every venture has a legitimate business case behind it. For the same reason, Terma does not employ any agents or brokers specifically linked to industrial cooperation projects.

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
2
Comments
<p>Based on publicly available evidence, the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence prior to engaging or re-engaging any agents and intermediaries. The company states that it conducts this due diligence at least every two years or when there is a significant change in the business relationship, and indicates that all agents and highest risk intermediaries are subject to enhanced due diligence. There is evidence that the company commits to not engaging or terminating its engagement with agents or intermediaries where the risks identified in the due diligence cannot be mitigated.</p>
Evidence
<p>[18] Annual Report 2015 (Document) Accessed 16/04/2020 https://www.terma.com/static/annual_report2014-15/files/assets/common/downloads/terma%20annual%20report%202015.pdf [p. 18] In addition to the Code of Conduct, we have also started an extended process for handling Terma’s agents that ensures proper due diligence and training of agents and partners worldwide. The process has been implemented in 2014, including screening of new agents, resellers, and external consultants.</p> <p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Risk assessment, due diligence, and training Being based in one of the least corrupt nations globally, we could easily be left blind to a specific risk factor. Therefore, we regularly update our risk assessment on corruption. Working with anti-corruption is a constant process, where improvement and iterations are required. This also allows for solid foundation to build relevant training for both our employees and market consultants, as well as efficient due diligence mechanisms.</p> <p>Terma cooperates with 41 marketing consultants, who are sometimes informally referred to as “agents”. The marketing consultants represent Terma’s interests in various locations all over the world. Before making use of these, we establish and verify in each case that the use of these are necessary to perform a legitimate business function. Having marketing consultants is a key element of our business, as they provide local knowledge and facilitate new business ventures.</p> <p>Terma’s marketing consultants are carefully selected, and beyond our own training and internal due diligence, they all must go through a due diligence process that is carried out by the Ministry of Foreign Affairs of Denmark.</p> <p>Terma’s internal due diligence is formal procedure that requires all marketing consultants to make a self-assessment based on a self-evaluation form. This provides Terma with important information regarding ownership, financial highlights as well as information regarding potential ethical and legal issues, if there have been any. This information together with the due diligence report elaborated by the Ministry of Foreign Affairs, ensures that Terma doesn’t sign up with any marketing Consultants that are not compliant. Due diligence is repeated every 2 years or when there is a significant change in the business relationship. We do not engage with marketing consultants or other third parties where the risk identified in the due diligence process cannot be mitigated. If we are already engaged with them, then we will terminate our engagement if the red flags in the due diligence cannot be mitigated.</p> <p>Our market consultants have also completed online anti-corruption e-learning modules developed by the UN, made available for companies like us, via the UNGC. The selected marketing consultants working for Terma must adhere to the same policies and guidelines as our employees and are subject to local domestic legislation where they operate. Our policy for the use of marketing consultants also applies to our subsidiaries and joint ventures.</p> <p>Terma has an incentive structure vis-à-vis our Marketing consultants that reflects the value they create to the company and that prevents any unethical behavior. Terma commits to only paying our Marketing Consultants into local bank accounts of the country where the Marketing Consultant operates.</p> <p>[...]</p>

Moreover, due diligence processes for third parties, joint venture partners and suppliers are tailored to the risk profile of the party: high, medium, or low. As a minimum, all contracts with third parties, joint-venture partners and suppliers include our anti-corruption provisions. Before entering into a joint venture, we conduct due diligence, looking on among others on anti-corruption.

[16] Corporate Social Responsibility Report 2017 (Document)

Accessed 27/10/2019

https://www.terma.com/static/csr_report2016-17/index.html#1

[p.6] Responsible business partner in all our relations

Focus on anti-corruption with our agents

[...]

Additional material has been made available to our agents and representatives to ensure their continued adherence to our requirements and that their awareness and understanding of Terma’s expectations are further strengthened. Furthermore, we have committed to making an external screening of all the agents who work for Terma.

The work has started and will continue in 2017 with the objective of having all current agents screened and representatives re-screened in 2018. All new agents and representatives are screened beforehand.

[p.7] Reviewing our anti-corruption compliance

Terma has implemented several anti-corruption procedures and measures. In 2017, a new initiative was implemented to review our existing activities and systematically analyze where to further improve. Our ambition is to continuously progress and improve on the tools and procedures we have in place. The United Kingdom Bribery Act will be used as one of the main points of reference in this work. The new initiative will start with a comprehensive risk assessment of the business and will be used as a basis for the subsequent risk mitigating activities and compliance program development. We expect to launch the full program in 2018.



[19] Terma’s Code of Conduct Regarding Anti-Corruption (Document)

Accessed 27/10/2019

https://www.terma.com/media/328690/terma_code_of_conduct_abstract_160620.pdf

[p.2] Market Conditions and Business Partners

-For each business transaction, Terma will carefully evaluate the risk of being involved in such situations as this Code of Conduct describes and aims to prevent. [...]

[16] Corporate Social Responsibility Report 2017 (Document)

Accessed 28/10/2019

https://www.terma.com/static/csr_report2016-17/index.html#1

[p.6] Responsible business partner in all our relations

[...] Typically, working with agents can bring additional risks, and we have therefore for a long time focused on these business partners.

Question

<p>7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?</p>
<p>Score</p>
<p>2</p>
<p>Comments</p>
<p>There is evidence that the company has formal procedures in place to establish the beneficial ownership of agents prior to engaging them, and that it repeats this process at least every two years or when there is a significant change in the business relationship. The company indicates that it operates a risk based beneficial ownership verification policy, whereby all agent provided information is verified and high risk agent's information is verified. There is evidence that the company commits to not engaging or terminating its engagement with agents or intermediaries where ultimate beneficial ownership cannot be established.</p>
<p>Evidence</p>
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Risk assessment, due diligence, and training Being based in one of the least corrupt nations globally, we could easily be left blind to a specific risk factor. Therefore, we regularly update our risk assessment on corruption. Working with anti-corruption is a constant process, where improvement and iterations are required. This also allows for solid foundation to build relevant training for both our employees and market consultants, as well as efficient due diligence mechanisms.</p> <p>Terma cooperates with 41 marketing consultants, who are sometimes informally referred to as "agents". The marketing consultants represent Terma's interests in various locations all over the world. Before making use of these, we establish and verify in each case that the use of these are necessary to perform a legitimate business function. Having marketing consultants is a key element of our business, as they provide local knowledge and facilitate new business ventures.</p> <p>Terma's marketing consultants are carefully selected, and beyond our own training and internal due diligence, they all must go through a due diligence process that is carried out by the Ministry of Foreign Affairs of Denmark.</p> <p>Terma's internal due diligence is formal procedure that requires all marketing consultants to make a self-assessment based on a self-evaluation form. This provides Terma with important information regarding ownership, financial highlights as well as information regarding potential ethical and legal issues, if there have been any. This information together with the due diligence report elaborated by the Ministry of Foreign Affairs, ensures that Terma doesn't sign up with any marketing Consultants that are not compliant. Due diligence is repeated every 2 years or when there is a significant change in the business relationship. We do not engage with marketing consultants or other third parties where the risk identified in the due diligence process cannot be mitigated. If we are already engaged with them, then we will terminate our engagement if the red flags in the due diligence cannot be mitigated.</p> <p>Our market consultants have also completed online anti-corruption e-learning modules developed by the UN, made available for companies like us, via the UNGC. The selected marketing consultants working for Terma must adhere to the same policies and guidelines as our employees and are subject to local domestic legislation where they operate. Our policy for the use of marketing consultants also applies to our subsidiaries and joint ventures.</p> <p>Terma has an incentive structure vis-à-vis our Marketing consultants that reflects the value they create to the company and that prevents any unethical behavior. Terma commits to only paying our Marketing Consultants into local bank accounts of the country where the Marketing Consultant operates.</p> <p>[...]</p> <p>Moreover, due diligence processes for third parties, joint venture partners and suppliers are tailored to the risk profile of the party: high, medium, or low. As a minimum, all contracts with third parties, joint-venture partners and suppliers include our anti-corruption provisions. Before entering into a joint venture, we conduct due diligence, looking on among others on anti-corruption.</p>
<p>Question</p>

<p>7.1.4 Does the company’s anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?</p>
<p>Score</p>
<p>2</p>
<p>Comments</p>
<p>There is evidence that the company’s anti-bribery and corruption policy applies to all agents and intermediaries acting for or on behalf of the company. In addition, there is evidence that all agents and intermediaries are subject to anti-bribery and corruption clauses in their contracts, which include clear audit rights and termination rights to detect, control and prevent breaches.</p>
<p>Evidence</p>
<p>[19] Terma’s Code of Conduct Regarding Anti-Corruption (Document) Accessed 28/10/2019 https://www.terma.com/media/328690/terma_code_of_conduct_abstract_160620.pdf</p> <p>[p.1] Bribery</p> <ul style="list-style-type: none"> -Employees, consultants, agents or others who represent Terma are not allowed to give, offer to give, promise or receive any kind of bribes, or to encourage or participate indirectly in bribery by use of a third party. -Employees or others, who represent Terma, are not allowed to make use of so-called “facilitation payments”. -Employees or others, who represent Terma, are not allowed to pay, offer to pay, promise or receive kickbacks. <p>Gifts and Entertainment</p> <p>Smaller gifts for a cooperation partner may be a natural and perfectly legitimate part of a business relationship. Therefore, on certain occasions it is only natural for Terma and our cooperation partners to exchange smaller gifts. Obviously, these gifts must only be of nominal value so that they do not embarrass the recipient or make him feel that he owes something in return.</p> <p>Gifts:</p> <ul style="list-style-type: none"> -Employees or others who represent Terma are not allowed to give, offer to give, promise or receive gifts, which are obviously suited to influence the decision-making of the recipient. -Paying your own share of expenses in connection with travelling abroad and conferences does not exclude the fact that the travel or conference might be a gift, as the value may exceed the boundaries set by Terma’s Code of Conduct. <p>[p.2]</p> <ul style="list-style-type: none"> -Furthermore, Terma must respect the recipient’s gift policy as long as it does not conflict with Terma’s Code of Conduct. -Employees and others who represent Terma are not allowed to give, offer to give or promise lavish gifts, which the recipient is not able to repay with a gift of similar value. -Gifts must always tolerate public scrutiny and may only be offered/received on official occasions such as jubilees and special birthdays. -Employees or others who represent Terma are not allowed to give, offer to give, promise or receive gifts in connection with proposals, evaluation of proposals or contract negotiations. An exception is official, ceremonial gifts presented or exchanged in connection with the final signing of a contract. Such gifts must tolerate public scrutiny. -Employees or others, who represent Terma, are not allowed to give, offer to give, promise or receive cash or other gifts comparable with cash. <p>Entertainment</p> <ul style="list-style-type: none"> -Terma has many different relations with our cooperation partners at different levels. Entertainment has to reflect the occasion so that you entertain your guests in a suitable manner without creating expectations of something in return. -Meetings and entertainment have to be planned and carried out in such a manner that it can tolerate public scrutiny at all times. Obviously, this also applies to events hosted by Terma. -Entertainment, including dinner invitations, must never have as a specific aim to gain an improper advantage to Terma <p>Market Conditions and Business Partners</p>

-For each business transaction, Terma will carefully evaluate the risk of being involved in such situations as this Code of Conduct describes and aims to prevent. Markets, which have a reputation for bribery, have to be treated with caution.

-Terma employees and others who represent Terma must never pay or receive, or accept or promise to pay or receive bribes from any actual or potential business partner and must immediately report such incidents to their superior and to Terma's anti-corruption officer.

-Terma does not wish to cooperate with anyone attempting to involve Terma in illegal activities. Terma employees and others who represent Terma must pass on information about bribery attempts to their superior and Terma's anti-corruption officer.

Agents and other representatives

-Terma's agents or other representatives (collectively referred to as "agents") must comply with Terma's Code of Conduct. Violating the Code of Conduct is considered a material breach and may lead to termination of the business relationship.

[16] Corporate Social Responsibility Report 2017 (Document)

Accessed 28/10/2019

https://www.terma.com/static/csr_report2016-17/index.html#1

[p.6] Responsible business partner in all our relations

Focus on anti-corruption with our agents

Terma strongly dissociates itself from any kind of bribery and works hard to ensure that the company and our employees step back from bribery or any other kind of corruption; neither as a provider nor as a recipient. Typically, working with agents can bring additional risks, and we have therefore for a long time focused on these business partners.

[15] Code of Conduct for Suppliers and Service Providers (Document)

Accessed 28/10/2019

https://www.terma.com/media/471693/terma_supplier_code_of_conduct_final.pdf

[p.5] Scope and Governance

Terma recognizes that its social, financial, and environmental impact is highly linked to its supply chain and business partners, and we therefore hold our suppliers, business partners, and other stakeholders to the same standards as we hold ourselves to.

We expect all our suppliers, business partners, and other third parties with whom we cooperate to behave in respect of this commitment, and to adhere to legal requirements as well as best practices with regard to ethics and social responsibility.

Our suppliers and sub-contractors at any tier as well as our contractors, distributors, and other service providers (hereinafter referred to collectively as "Suppliers") are particularly important in this regard, and we expect them to live up to the same ethical standards (such as the United Nations Global Compact) as we do and to actively work towards improved ethical and responsible business practices.

The Terma Code of Conduct for Suppliers and Service Providers sets out the principles that Terma requires its Suppliers to commit to as part of a joint effort towards continuous progress, sustainable development, and improved ethical business practices.

[p.13] Implementation and Expectations

We require our Suppliers to maintain an effective ethics and compliance program and to comply with this Code of Conduct. Supplier compliance with this Code of Conduct will be verified by Terma.

[...]

Violations of this Code of Conduct

Terma reserves the right to audit its Suppliers to ensure they are complying with and have implemented the principles outlined in this Code of Conduct or an equivalent internal code of conduct. Suppliers shall cooperate and support such audits.

In substitution of such audit, Terma may review audit reports (not older than 1 year) made by a reputable independent auditing firm.

Terma may at any time request Suppliers to provide relevant documentation of compliance with this Code of Conduct. Documentation may be in the form of code of conducts, policies, certificates, procedures, or any other evidence of compliance.

Suppliers shall provide such documentation within ten (10) working days. Upon Supplier's written request, Terma may, at its sole option, agree to extend the deadline.

If the Supplier does not provide the requested documentation within the stipulated time limits, Terma is entitled to withhold amounts from its payments to the Supplier until the Supplier has provided the required documentation. Unjustified failure to deliver the documentation required in due time shall furthermore be construed as a material violation of this Code of Conduct.

Non-compliance in regard to the requirements in this Code of Conduct shall be deemed to exist if any deliverables supplied, in whole or in part, have been manufactured or is delivered under methods where any such requirement has not been observed. Failure to inform Terma on its own initiative and to take the necessary steps as stipulated in this Code of Conduct shall furthermore be construed as a violation of this Code of Conduct.

In the event of a violation of this Code of Conduct, Terma may pursue corrective action to remedy the situation. In the case of an actual or possible violation of law or regulation, we may be required to report to relevant authorities. We reserve the right to terminate our relationship or take any other appropriate action with any Supplier under the terms of the existing contract(s) for any verified material breach.

[14] Responsible Supply chain Management (Webpage)

Accessed 27/10/2019

<https://www.terma.com/csr/responsible-supply-chain-management/>

Integrating social responsibility in the supply chain

[...]

Terma's Code of Conduct for Suppliers and Service Providers describes the requirements that we have towards our suppliers, business partners and other third parties such as for instance marketing consultants, with whom we do business with. We expect all our business partners to behave in respect of this commitment in a joint effort towards continuous progress, sustainable development, and improved ethical business practices. Our suppliers are required to cascade these principles throughout their own organization and supply chain; and are encouraged to implement and adhere to their own similar codes of conduct.

[4] Anti-Corruption and Business Ethics (Webpage)

Accessed 16/04/2020

<https://www.terma.com/csr/anti-corruption-and-business-ethics/>

Risk assessment, due diligence, and training

[...]

Terma's marketing consultants are carefully selected, and beyond our own training and internal due diligence, they all must go through a due diligence process that is carried out by the Ministry of Foreign Affairs of Denmark. Terma's internal due diligence is formal procedure that requires all marketing consultants to make a self-assessment based on a self-evaluation form. This provides Terma with important information regarding ownership, financial highlights as well as information regarding potential ethical and legal issues, if there have been any. This information together with the due diligence report elaborated by the Ministry of Foreign Affairs, ensures that Terma doesn't sign up with any marketing Consultants that are not compliant. Due diligence is repeated every 2 years or when there is a significant change in the business relationship. We do not engage with marketing consultants or other third parties where the risk identified in the due diligence process cannot be mitigated. If we are already engaged with them, then we will terminate our engagement if the red flags in the due diligence cannot be mitigated.

Our market consultants have also completed online anti-corruption e-learning modules developed by the UN, made available for companies like us, via the UNGC. The selected marketing consultants working for Terma must adhere

to the same policies and guidelines as our employees and are subject to local domestic legislation where they operate. Our policy for the use of marketing consultants also applies to our subsidiaries and joint ventures.

[...]

Moreover, due diligence processes for third parties, joint venture partners and suppliers are tailored to the risk profile of the party: high, medium, or low. As a minimum, all contracts with third parties, joint-venture partners and suppliers include our anti-corruption provisions. Before entering into a joint venture, we conduct due diligence, looking on among others on anti-corruption.

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
1
Comments
<p>There is evidence that incentive structures for agents are explicitly highlighted and addressed as a factor in bribery and corruption risk. The company commits to only paying agents into local bank accounts, and indicates that its payments reflect the value they create for the company.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that the company’s approach to agent incentives includes a clear threshold on sales-based commissions to agents so that payments do not exceed a proportion of the net fee to the agent. There is also no evidence that remuneration to agents is paid in staged payments over the course of their contract, based on clear milestones.</p>
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Anti-Corruption Compliance Program</p> <p>[...]</p> <p>Terma has an incentive structure vis-à-vis our Marketing consultants that reflects the value they create to the company and that prevents any unethical behavior. Terma commits to only paying our Marketing Consultants into local bank accounts of the country where the Marketing Consultant operates.</p>

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
1
Comments
There is evidence that the company publishes an aggregate figure of the number of marketing consultants or agents that it currently employs. However, the company receives a score of ‘1’ because it does not provide further information on its agents, nor is there evidence that this list is published or updated on an annual basis.
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Terma cooperates with 41 marketing consultants, who are sometimes informally referred to as “agents”. The marketing consultants represent Terma’s interests in various locations all over the world. Before making use of these, we establish and verify in each case that the use of these are necessary to perform a legitimate business function. Having marketing consultants is a key element of our business, as they provide local knowledge and facilitate new business ventures.</p>

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption related investigations, incidents or disciplinary actions involving its agents.
Evidence
No evidence found.

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
1
Comments
<p>There is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to entering and while operating in a joint venture. There is evidence that the company conducts enhanced due diligence for joint ventures operating in high risk countries or with high risk partners.</p> <p>However, it is not clear that the company’s due diligence includes checks on the ultimate beneficial ownership of the partner company. In addition, there is evidence that its due diligence is only conducted before engaging joint ventures and is not repeated at least every two years.</p>
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Moreover, due diligence processes for third parties, joint venture partners and suppliers are tailored to the risk profile of the party: high, medium, or low. As a minimum, all contracts with third parties, joint-venture partners and suppliers include our anti-corruption provisions. Before entering into a joint venture, we conduct due diligence, looking on among others on anti-corruption.</p> <p>[18] Annual Report 2015 (Document) Accessed 28/10/2019 https://www.terma.com/static/annual_report2014-15/files/assets/common/downloads/terma%20annual%20report%202015.pdf [p. 18] In addition to the Code of Conduct, we have also started an extended process for handling Terma’s agents that ensures proper due diligence and training of agents and partners worldwide. The process has been implemented in 2014, including screening of new agents, resellers and external consultants.</p> <p>[19] Terma’s Code of Conduct Regarding Anti-Corruption (Document) Accessed 28/10/2019 https://www.terma.com/media/328690/terma_code_of_conduct_abstract_160620.pdf [p.2] Market Conditions and Business Partners -For each business transaction, Terma will carefully evaluate the risk of being involved in such situations as this Code of Conduct describes and aims to prevent. [...]</p> <p>[20] Industrial Cooperation and Partnerships (Webpage) Accessed 28/10/2019 https://www.terma.com/about-us/industrial-cooperation-and-partnerships/ Our approach to cooperation and partnerships always adhere to Terma’s Code of Conduct as well as our relevant internal policies, procedures, and training requirements. Furthermore, the IC&P department monitors and oversees the existing ventures, while coordinating quality checks for any new business partners as part of Terma’s formal due diligence process. This is also done to ensure that every venture has a legitimate business case behind it. Read more about our work with anti-corruption and business ethics in the link below.</p>

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
2
Comments
Based on publicly available information, there is evidence that the company requires its joint ventures to maintain its own ethics and compliance program and requires anti-bribery and corruption clauses in its contracts with joint venture partners. The company states that it includes audit and termination rights in its contracts with business partners.
Evidence
<p>[4] Anti-Corruption and Business Ethics (Webpage) Accessed 16/04/2020 https://www.terma.com/csr/anti-corruption-and-business-ethics/ Moreover, due diligence processes for third parties, joint venture partners and suppliers are tailored to the risk profile of the party: high, medium, or low. As a minimum, all contracts with third parties, joint-venture partners and suppliers include our anti-corruption provisions. Before entering into a joint venture, we conduct due diligence, looking on among others on anti-corruption.</p> <p>[20] Industrial Cooperation and Partnerships (Webpage) Accessed 28/10/2019 https://www.terma.com/about-us/industrial-cooperation-and-partnerships/ Our approach to cooperation and partnerships always adhere to Terma’s Code of Conduct as well as our relevant internal policies, procedures, and training requirements. Furthermore, the IC&P department monitors and oversees the existing ventures, while coordinating quality checks for any new business partners as part of Terma’s formal due diligence process. This is also done to ensure that every venture has a legitimate business case behind it.</p> <p>[14] Responsible Supply chain Management (Webpage) Accessed 28/10/2019 https://www.terma.com/csr/responsible-supply-chain-management/ Terma recognizes that its’ social, financial, and environmental impact is highly linked to its supply chain and business partners, and we therefore hold our suppliers, business partners, and other stakeholders to the same standards as we hold ourselves.</p> <p>[...]</p> <p>Integrating social responsibility in the supply chain</p> <p>[...]</p> <p>Terma’s Code of Conduct for Suppliers and Service Providers describes the requirements that we have towards our suppliers and other third parties with whom we do business. We expect all our business partners to behave in respect of this commitment in a joint effort towards continuous progress, sustainable development, and improved ethical business practices.</p> <p>[15] Code of Conduct for Suppliers and Service Providers (Document) Accessed 28/10/2019 https://www.terma.com/media/471693/terma_supplier_code_of_conduct_final.pdf [p.5] Scope and Governance</p> <p>Terma recognizes that its social, financial, and environmental impact is highly linked to its supply chain and business partners, and we therefore hold our suppliers, business partners, and other stakeholders to the same standards as we hold ourselves to.</p>

We expect all our suppliers, business partners, and other third parties with whom we cooperate to behave in respect of this commitment, and to adhere to legal requirements as well as best practices with regard to ethics and social responsibility.

[p.13] Implementation and Expectations

We require our Suppliers to maintain an effective ethics and compliance program and to comply with this Code of Conduct. Supplier compliance with this Code of Conduct will be verified by Terma.

[...]

Violations of this Code of Conduct

Terma reserves the right to audit its Suppliers to ensure they are complying with and have implemented the principles outlined in this Code of Conduct or an equivalent internal code of conduct. Suppliers shall cooperate and support such audits.

In substitution of such audit, Terma may review audit reports (not older than 1 year) made by a reputable independent auditing firm.

Terma may at any time request Suppliers to provide relevant documentation of compliance with this Code of Conduct. Documentation may be in the form of code of conducts, policies, certificates, procedures, or any other evidence of compliance.

Suppliers shall provide such documentation within ten (10) working days. Upon Supplier's written request, Terma may, at its sole option, agree to extend the deadline.

If the Supplier does not provide the requested documentation within the stipulated time limits, Terma is entitled to withhold amounts from its payments to the Supplier until the Supplier has provided the required documentation. Unjustified failure to deliver the documentation required in due time shall furthermore be construed as a material violation of this Code of Conduct.

Non-compliance in regard to the requirements in this Code of Conduct shall be deemed to exist if any deliverables supplied, in whole or in part, have been manufactured or is delivered under methods where any such requirement has not been observed. Failure to inform Terma on its own initiative and to take the necessary steps as stipulated in this Code of Conduct shall furthermore be construed as a violation of this Code of Conduct.

In the event of a violation of this Code of Conduct, Terma may pursue corrective action to remedy the situation. In the case of an actual or possible violation of law or regulation, we may be required to report to relevant authorities. We reserve the right to terminate our relationship or take any other appropriate action with any Supplier under the terms of the existing contract(s) for any verified material breach.

[19] Terma's Code of Conduct Regarding Anti-Corruption (Document)

Accessed 28/10/2019

https://www.terma.com/media/328690/terma_code_of_conduct_abstract_160620.pdf

[p.1] Bribery

- Employees, consultants, agents or others who represent Terma are not allowed to give, offer to give, promise or receive any kind of bribes, or to encourage or participate indirectly in bribery by use of a third party.
- Employees or others, who represent Terma, are not allowed to make use of so-called "facilitation payments".
- Employees or others, who represent Terma, are not allowed to pay, offer to pay, promise or receive kickbacks.

Gifts and Entertainment

Smaller gifts for a cooperation partner may be a natural and perfectly legitimate part of a business relationship. Therefore, on certain occasions it is only natural for Terma and our cooperation partners to exchange smaller gifts. Obviously, these gifts must only be of nominal value so that they do not embarrass the recipient or make him feel that he owes something in return.

Gifts:

- Employees or others who represent Terma are not allowed to give, offer to give, promise or receive gifts, which are obviously suited to influence the decision-making of the recipient.

-Paying your own share of expenses in connection with travelling abroad and conferences does not exclude the fact that the travel or conference might be a gift, as the value may exceed the boundaries set by Terma's Code of Conduct.

[p.2]

-Furthermore, Terma must respect the recipient's gift policy as long as it does not conflict with Terma's Code of Conduct.

-Employees and others who represent Terma are not allowed to give, offer to give or promise lavish gifts, which the recipient is not able to repay with a gift of similar value.

-Gifts must always tolerate public scrutiny and may only be offered/received on official occasions such as jubilees and special birthdays.

-Employees or others who represent Terma are not allowed to give, offer to give, promise or receive gifts in connection with proposals, evaluation of proposals or contract negotiations. An exception is official, ceremonial gifts presented or exchanged in connection with the final signing of a contract. Such gifts must tolerate public scrutiny.

-Employees or others, who represent Terma, are not allowed to give, offer to give, promise or receive cash or other gifts comparable with cash.

Entertainment

-Terma has many different relations with our cooperation partners at different levels. Entertainment has to reflect the occasion so that you entertain your guests in a suitable manner without creating expectations of something in return.

-Meetings and entertainment have to be planned and carried out in such a manner that it can tolerate public scrutiny at all times. Obviously, this also applies to events hosted by Terma.

-Entertainment, including dinner invitations, must never have as a specific aim to gain an improper advantage to Terma

Market Conditions and Business Partners

-For each business transaction, Terma will carefully evaluate the risk of being involved in such situations as this Code of Conduct describes and aims to prevent. Markets, which have a reputation for bribery, have to be treated with caution.

-Terma employees and others who represent Terma must never pay or receive, or accept or promise to pay or receive bribes from any actual or potential business partner and must immediately report such incidents to their superior and to Terma's anti-corruption officer.

-Terma does not wish to cooperate with anyone attempting to involve Terma in illegal activities. Terma employees and others who represent Terma must pass on information about bribery attempts to their superior and Terma's anti-corruption officer.

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
0
Comments
There is no publicly available evidence that the company commits to taking an active role in the prevention of bribery and corruption in all of its joint ventures.
Evidence
No evidence found.

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has policies and procedures in place to address corruption risks associated with offset contracting. The company indicates that it ensures any offset partners adhere to its anti-bribery and corruption standards through appropriate contractual clauses.</p> <p>In addition, there is evidence that the company has a dedicated body, department or team responsible for the monitoring and oversight of the company's offset activities throughout the lifecycle of each project. The company indicates that all employees within this body, department or team receive tailored anti-bribery and corruption training based on the potential corruption risks associated with offsets.</p>
Evidence
<p>[20] Industrial Cooperation and Partnerships (Webpage) Accessed 16/04/2020 https://www.terma.com/about-us/industrial-cooperation-and-partnerships/ Industrial cooperation is a key element in Terma's business.</p> <p>[...]</p> <p>The Industrial Cooperation and Partnerships (IC&P) department supports all Terma corporate functions, Business Areas and Regions and is organizationally anchored in Market Development. The IC&P department is mainly focused on maximizing the value and quality of IC activities for our customers, government authorities and end users.</p> <p>The IC&P department's key tasks consist of providing the following:</p> <ul style="list-style-type: none"> -IC / offset advisory -IC one-point-of-contact for external parties (government entities, customers, obligors, and beneficiaries) -IC business case development -IC proposal writing and claim/confirmation of IC credits. <p>[...]</p> <p>Our approach to cooperation and partnerships always adhere to Terma's Code of Conduct as well as our relevant internal policies, procedures, and training requirements. All employees responsible for these partnerships and offsets are trained within relevant procedures and policies, such as but not limited to tailored anti-corruption training. Furthermore, the IC&P department monitors and oversees the existing ventures, while coordinating quality checks for any new business partners as part of Terma's formal due diligence process. This is also done to ensure that every venture has a legitimate business case behind it. For the same reason, Terma does not employ any agents or brokers specifically linked to industrial cooperation projects. Read more about our work with anti-corruption and business ethics in the link below.</p>

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company conducts due diligence on all business partners as part of its involvement in an offset project. There is also evidence that the company seeks to assure itself of the legitimacy of offset obligations.</p> <p>However, there is no evidence that the company's due diligence includes checks on beneficial ownership or conflict of interest. It is also not clear that the company refreshes this due diligence continuously or when there is a significant change in the business relationship or the nature of the partner.</p>
Evidence
<p>[20] Industrial Cooperation and Partnerships (Webpage) Accessed 28/10/2019 https://www.terma.com/about-us/industrial-cooperation-and-partnerships/ The Industrial Cooperation and Partnerships (IC&P) department supports all Terma corporate functions, Business Areas and Regions and is organizationally anchored in Market Development. The IC&P department is mainly focused on maximizing the value and quality of IC activities for our customers, government authorities and end users.</p> <p>The IC&P department's key tasks consist of providing the following:</p> <ul style="list-style-type: none"> -IC / offset advisory -IC one-point-of-contact for external parties (government entities, customers, obligors, and beneficiaries) -IC business case development -IC proposal writing and claim/confirmation of IC credits. <p>[...]</p> <p>Our approach to cooperation and partnerships always adhere to Terma's Code of Conduct as well as our relevant internal policies, procedures, and training requirements. Furthermore, the IC&P department monitors and oversees the existing ventures, while coordinating quality checks for any new business partners as part of Terma's formal due diligence process. This is also done to ensure that every venture has a legitimate business case behind it. For the same reason, Terma does not employ any agents or brokers specifically linked to industrial cooperation projects. Read more about our work with anti-corruption and business ethics in the link below.</p>

Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
2
Comments
The company publishes a statement that it does not employ any agents or brokers as part of its offset programme. Since the company has adopted this as its publicly available position, the company therefore receives a score of '2'.
Evidence
[20] Industrial Cooperation and Partnerships (Webpage) Accessed 28/10/2019 https://www.terma.com/about-us/industrial-cooperation-and-partnerships/ Terma does not employ any agents or brokers specifically linked to industrial cooperation projects.

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
1
Comments
<p>Based on publicly available information, the company publishes some information about the beneficiaries of its offset projects. However, the company receives a score of '1' because there is no evidence that this represents a comprehensive list of its offset projects, nor is it clear that the details provided relate specifically to indirect offset projects. It is also not clear that this information is published and updated on at least an annual basis.</p>
Evidence
<p>[20] Industrial Cooperation and Partnerships (Webpage) Accessed 28/10/2019 https://www.terma.com/about-us/industrial-cooperation-and-partnerships/ Industrial Cooperation and Partnerships in our home markets (Denmark and the Netherlands)</p> <p>Foreign vendors to the Danish and Dutch Defense are required to enter an Industrial Cooperation contract with the authorities in Denmark and The Netherlands.</p> <p>[...]</p> <p>Terma has a very long history and positive track record of participating in industrial collaborations and partnerships both at home and abroad. From experience, Terma has recognized that successful fulfillment of industrial cooperation obligations requires a responsive, competent, and resourceful local business partner or beneficiary.</p> <p>Terma offers solutions for space, air, land, and at sea. We have experience and expertise in the cross-functional areas of design, development, and manufacturing of software and hardware, system integration, installation, commissioning, and support. Terma's quality systems comply with international standards and have earned several individual approvals from leading companies.</p> <p>Australia</p> <p>In Australia, Terma has a successful collaboration with Jenkins Engineering Defense Systems (JEDS) on activities within sales, installation, support and services. JEDS acts as a representative for Terma, in sustaining a wide array of our products and services for both naval and air, among others for the Royal Australian Navy (RAN).</p> <p>[...]</p> <p>Canada</p> <p>Across the Atlantic Ocean, Terma partners with the Canadian company Nanowave Technologies that employs a team of over 200 engineers, scientists and technicians. Nanowave acts an important R&D partner for Terma that provides the SCANTER 6002 radar system as a contribution to Canada's Arctic Offshore Patrol Ships program. The partnership between Terma and Nanowave is part of Canada's important Industrial and Regional Benefits Program (IRB).</p> <p>[...]</p> <p>India</p> <p>In India, Terma has several successful partnerships, among others Tata Advanced System's subsidiary Nova Integrated Systems (NISL) and Bharat Electronics Limited (BEL). Together with NISL, Terma delivers radar systems to the Indian Navy's Surface Surveillance radar system under the "Buy and Make" initiative. Under a strategic Memorandum of Agreement, Terma and BEL collaborates on naval technology and aircraft self-protection. The two partnerships complement and strengthen the unique capabilities and competencies of all parties involved.</p>

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company acknowledges the corruption risks associated with operating in different markets and there is evidence that it has a dedicated assessment process in place to assess such risks.</p> <p>However, the company receives a score of ‘1’ because it does not provide further information on its risk management procedures and there is no evidence to suggest that the results of these assessments have an impact on business decisions or trigger the implementation of additional controls.</p>
Evidence
<p>[19] Terma’s Code of Conduct Regarding Anti-Corruption (Document) Accessed 28/10/2019 https://www.terma.com/media/328690/terma_code_of_conduct_abstract_160620.pdf [p.2] Market Conditions and Business Partners</p> <p>For each business transaction, Terma will carefully evaluate the risk of being involved in such situations as this Code of Conduct describes and aims to prevent. Markets, which have a reputation for bribery, have to be treated with caution.</p>

Question																																																
9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?																																																
Score																																																
1																																																
Comments																																																
<p>Based on publicly available information, there is evidence that the company publishes a list of its fully consolidated subsidiaries and non-fully consolidated holdings, including any associates, joint ventures and other related entities. For each entity, the company discloses its percentage ownership and the country of incorporation. There is evidence that this list is current and updated on at least an annual basis and complete at the time of publication.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that this list includes the country or countries of operation for each entity.</p>																																																
Evidence																																																
<p>[25] Annual Report (Webpage) Accessed 16/04/2020 https://www.terma.com/about-us/reports/annual-report/ All data in our Annual report, including but not limited to, percentage ownership, country of incorporation and countries of operation, is current and updated on at least an annual basis, and is complete at the time of the publication of the report to the best of our knowledge.</p> <p>[21] Annual Report 2019 (Document) Accessed 28/10/2019 https://www.terma.com/static/annual_report2018-19/index.html [p.31]</p> <table border="1"> <thead> <tr> <th colspan="4">PARENT COMPANY</th> </tr> <tr> <th colspan="4">8. INVESTMENTS, CONTINUED</th> </tr> <tr> <th>Name</th> <th>Registered office</th> <th>Ownership</th> <th>Capital stock</th> </tr> </thead> <tbody> <tr> <td>Terma Aerostructures A/S</td> <td>Grenaa, Denmark</td> <td>100%</td> <td>5,000 tDKK</td> </tr> <tr> <td>Terma GmbH</td> <td>Darmstadt, Germany</td> <td>100%</td> <td>51 tEUR</td> </tr> <tr> <td>Terma B.V.</td> <td>Leiden, The Netherlands</td> <td>100%</td> <td>750 tEUR</td> </tr> <tr> <td>Terma North America Inc.</td> <td>Delaware, USA</td> <td>100%</td> <td>150 tUSD</td> </tr> <tr> <td>Terma Singapore Pte. Ltd.</td> <td>Singapore, Singapore</td> <td>100%</td> <td>100 tSGD</td> </tr> <tr> <td>Terma (UK) Ltd.</td> <td>London, United Kingdom</td> <td>100%</td> <td>10 tEUR</td> </tr> <tr> <td>Terma (India) Pvt. Ltd.</td> <td>Delhi, India</td> <td>99.9%</td> <td>1,000 tINR</td> </tr> <tr> <td>Terma France SAS</td> <td>Paris, France</td> <td>100%</td> <td>10 tEUR</td> </tr> <tr> <td>Terma Middle East Trading LLC</td> <td>Abu Dhabi, UAE</td> <td>49%</td> <td>300 tAED</td> </tr> </tbody> </table> <p>[15] Code of Conduct for Suppliers and Service Providers (Document) Accessed 28/10/2019 https://www.terma.com/media/471693/terma_supplier_code_of_conduct_final.pdf [p.16] Headquartered in Aarhus, Denmark, Terma has subsidiaries and operations in the Netherlands, Germany, Belgium, UK, France, UAE, India, Singapore as well as a wholly-owned U.S. subsidiary, Terma North America Inc. Terma North America Inc. is headquartered in Arlington, in the Washington D.C. area, with other offices in Georgia, Texas, and Virginia.</p> <p>[22] Locations (Webpage) Accessed 28/10/2019 https://www.terma.com/contact/locations/ LOCATIONS</p>	PARENT COMPANY				8. INVESTMENTS, CONTINUED				Name	Registered office	Ownership	Capital stock	Terma Aerostructures A/S	Grenaa, Denmark	100%	5,000 tDKK	Terma GmbH	Darmstadt, Germany	100%	51 tEUR	Terma B.V.	Leiden, The Netherlands	100%	750 tEUR	Terma North America Inc.	Delaware, USA	100%	150 tUSD	Terma Singapore Pte. Ltd.	Singapore, Singapore	100%	100 tSGD	Terma (UK) Ltd.	London, United Kingdom	100%	10 tEUR	Terma (India) Pvt. Ltd.	Delhi, India	99.9%	1,000 tINR	Terma France SAS	Paris, France	100%	10 tEUR	Terma Middle East Trading LLC	Abu Dhabi, UAE	49%	300 tAED
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Denmark

Lystrup, Denmark

Terma A/S
Hovmarken 4
8520 Lystrup
Denmark
T: +45 8743 6000
F: +45 8743 6001
E: terma.hq@terma.com
Driving directions, etc. to Terma in Lystrup at Google My Business
Herlev, Denmark

Terma A/S
Vasekær 12
2730 Herlev
Denmark
T: +45 8743 6000
F: +45 8743 6001
E: terma.hq@terma.com
Driving directions, etc. to Terma in Herlev at Google My Business
Grenaa, Denmark

[continued over several pages]

Question				
9.3 Does the company disclose its beneficial ownership and control structure?				
Score				
2				
Comments				
<p>There is evidence that information about the company's beneficial ownership is publicly available. The company discloses the name of the entity that is its legal owner in its publicly available reporting documents. In addition, there is evidence that the company's full beneficial ownership information – including the names, addresses and voting rights of all individuals with an ownership stake – is available in a freely accessible national corporate register and through a global corporate register. This information indicates that the company has six beneficial owners, each with a 20% share of voting rights.</p>				
Evidence				
<p>[6] Corporate Social Responsibility Report 2019 (Document) Accessed 28/10/2019 https://www.terma.com/static/csr_report2018-19/2-3/index.html [p.8] Our Background Terma has deep and proud roots in Denmark, tracing its origins back to 1944. Terma is owned by the Thomas B. Thrige Foundation, which is an independent legal entity without owners. Long-term ownership allows Terma to focus on steady development and is without doubt one of the reasons why our company still thrives after so many years of existence.</p> <p>[21] Annual Report 2019 (Document) Accessed 28/10/2019 https://www.terma.com/static/annual_report2018-19/index.html [p.40] Terma A/S is a wholly owned subsidiary of Thrige Holding A/S (CVR No. 26 31 16 83), which is wholly owned by the Thomas B. Thrige Foundation (CVR No. 10 15 62 11), jointly referred to as the Owners.</p> <p>[26] Danish Corporate Register – Search “TERMA A/S” (Webpage) Accessed 08/01/2021 https://datacvr.virk.dk/data/visenhed?enhedstype=virksomhed&id=41881828&soeg=terma&type=undefined&language=da</p> <p>Ownership ? </p> <table border="0"> <tr> <td>Legal Owners</td> <td> <p>THRIGE HOLDING A / S c / o Tema A / S Hovmarken 4 8520 Lystrup Ownership: 100% Voting rights: 100% Change date: 14.12.2014</p> </td> </tr> <tr> <td>Real Owners</td> <td> <p>Henning Fode Dampfærgevej 12, 4. 004. 2100 Copenhagen Ø Denmark Voting rights: 20.00% Potential voting rights Change date: 01.09.2010</p> <p>Kristian Elmholdt Stubkjær Arnevangen 15 Søllerød 2840 Holte Denmark Voting rights: 20.00% Potential voting rights Amendment date: 26.06.2002</p> </td> </tr> </table>	Legal Owners	<p>THRIGE HOLDING A / S c / o Tema A / S Hovmarken 4 8520 Lystrup Ownership: 100% Voting rights: 100% Change date: 14.12.2014</p>	Real Owners	<p>Henning Fode Dampfærgevej 12, 4. 004. 2100 Copenhagen Ø Denmark Voting rights: 20.00% Potential voting rights Change date: 01.09.2010</p> <p>Kristian Elmholdt Stubkjær Arnevangen 15 Søllerød 2840 Holte Denmark Voting rights: 20.00% Potential voting rights Amendment date: 26.06.2002</p>
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Jørgen Huno Rasmussen

Havneholmen 68, 6. th.
1561 Copenhagen V
Denmark
Voting rights: 20.00%
Potential voting rights
Change date: 19.06.2014

Flemming Henze Tomdrup

Denmark
Voting rights: 20.00%
Potential voting rights
Date of change: 30.09.2008

Niels Jacobsen

Toldbodgade 85
1253 København K
Denmark
Voting rights: 20.00%
Potential voting rights Date of
change: 19.11.2003

Close Ownership

[24] Open ownership register (Webpage)

Accessed 16/04/2020


<https://register.openownership.org/entities/5b5f31659dfc3fae1815877a>

TERMA A/S

Denmark Legal entity


OPTIONS | Transliterate | Report incorrect data | View as graph | Download E

Beneficial owners of TERMA A/S

- NIELS JACOBSEN** 


Toldbodgade 85, København K, 1253

Started on 2003-11-19

Ownership of voting rights - 20% Details >
- FLEMMING HENZE TOMDRUP** 


Allikevej 12, Hørsholm, 2970

Started on 2008-09-30

Ownership of voting rights - 20% Details >
- JØRGEN HUNO RASMUSSEN** 


Havneholmen 68, 6, København V, 1561

Started on 2014-06-19

Ownership of voting rights - 20% Details >
- KRISTIAN ELMHOLDT STUBKJÆR** 

Arnevangen 15, Holte, 2840

Started on 2002-06-26

Ownership of voting rights - 20% Details >
- HENNING FODE** 

Dampfærgevej 12, 4, København Ø, 2100

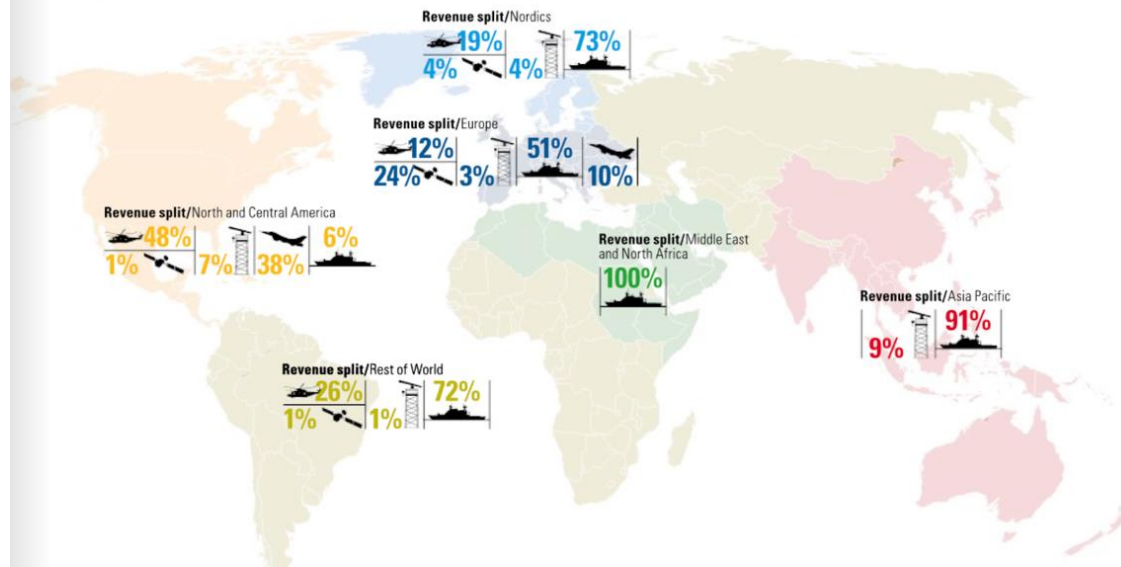
Started on 2010-09-01

Ownership of voting rights - 20% Details >

Question												
9.4 Does the company publish a percentage breakdown of its defence sales by customer?												
Score												
0												
Comments												
The company publishes some information on its defence sales per geographic region and per business division. However, there is no evidence that the company publishes any information on its defence sales by major country or customer.												
Evidence												
<p>[16] Corporate Social Responsibility Report 2017 (Document) Accessed 28/10/2019 https://www.terma.com/static/csr_report2016-17/index.html#1 [p.2]</p> <p>Revenue split according to Business Areas</p> <table border="1"> <thead> <tr> <th>Business Area</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Command, Control & Sensor Systems</td> <td>36%</td> </tr> <tr> <td>Airborne Systems</td> <td>27%</td> </tr> <tr> <td>Global Support & Services</td> <td>8%</td> </tr> <tr> <td>Space</td> <td>10%</td> </tr> <tr> <td>Aerostructures</td> <td>19%</td> </tr> </tbody> </table>	Business Area	Percentage	Command, Control & Sensor Systems	36%	Airborne Systems	27%	Global Support & Services	8%	Space	10%	Aerostructures	19%
Business Area	Percentage											
Command, Control & Sensor Systems	36%											
Airborne Systems	27%											
Global Support & Services	8%											
Space	10%											
Aerostructures	19%											

[p.3]

Regions and key numbers



[21] Annual Report 2019 (Document)

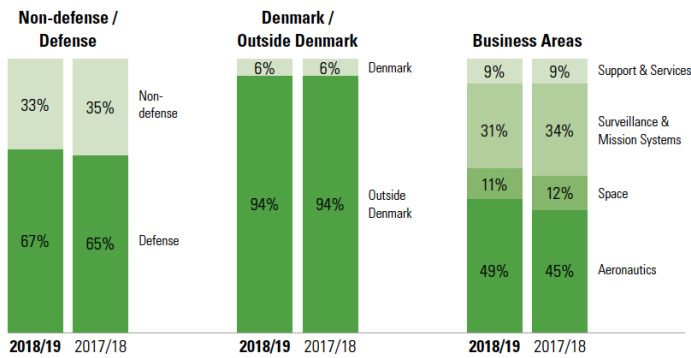
Accessed 28/10/2019

https://www.terma.com/static/annual_report2018-19/index.html

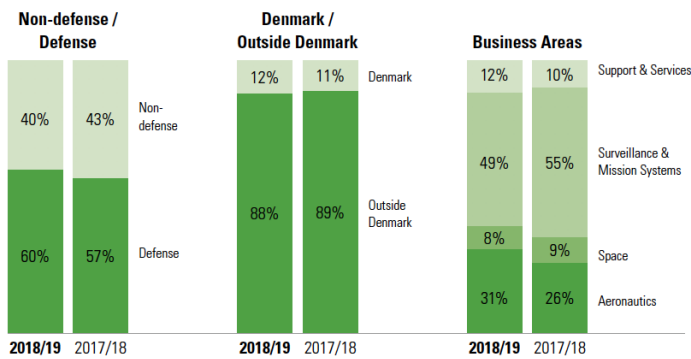
[p.29]

3. SEGMENT INFORMATION, REVENUE (EXCLUDING THE POLISH COURT CASE)

CONSOLIDATED



PARENT COMPANY



10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score
N/A
Comments
N/A
Evidence

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
N/A
Comments
N/A
Evidence

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
N/A
Comments
N/A
Evidence

Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
N/A
Comments
N/A
Evidence

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
N/A
Comments
N/A
Evidence

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Webpage	Corporate Social Responsibility - Video	25/10/19	https://www.terma.com/csr/
02	Document	Code of Conduct	25/10/19	https://www.terma.com/media/507643/terma_employee_code_of_conduct_eng.pdf
03	Document	Anti-Corruption Policy	25/10/19	https://www.terma.com/media/472281/Anti-Corruption%20Policy.pdf
04	Webpage	Anti-Corruption and Business Ethics	16/04/20	https://www.terma.com/csr/anti-corruption-and-business-ethics/
05	Webpage	Employee Code of Conduct	25/10/19	https://www.terma.com/csr/code-of-conduct/
06	Document	Corporate Social Responsibility Report 2019	25/10/19	https://www.terma.com/static/csr_report2018-19/2-3/index.html
07	Webpage	Terma Ethics line	25/10/19	https://www.terma.com/csr/terma-ethics-line/
08	Webpage	Ethics line – Whistleblower system	25/10/19	https://terma.whistleblownetwork.net/WebPages/Public/FrontPages/Default.aspx
09	Document	Corporate Social Responsibility Report 2018	25/10/19	https://www.terma.com/static/csr_report2017-18/index.html
10	Document	Conflict of Interest Policy	26/10/19	https://www.terma.com/media/472290/Conflict%20of%20Interest%20Policy.pdf
11	Document	Charitable and Political Contributions Policy	26/10/19	https://www.terma.com/media/472284/Charitable%20and%20Political%20Contributions%20Policy.pdf
12	Document	Gift and Hospitality Policy	26/10/19	https://www.terma.com/media/472308/Gift%20and%20Hospitality%20Policy.pdf
13	Webpage	Procurement and Supply chain	27/10/19	https://www.terma.com/about-us/procurement-supply-chain/
14	Webpage	Responsible Supply chain Management	27/10/19	https://www.terma.com/csr/responsible-supply-chain-management/
15	Document	Code of Conduct for Suppliers and Service Providers	27/10/19	https://www.terma.com/media/471693/terma_supplier_code_of_conduct_final.pdf
16	Document	Corporate Social Responsibility Report 2017	28/10/19	https://www.terma.com/static/csr_report2016-17/index.html#1
17	Webpage	Industrial Cooperation and Partnerships	28/10/19	https://www.terma.com/about-us/industrial-cooperation-and-partnerships/
18	Document	Annual Report 2015	28/10/19	https://www.terma.com/static/annual_report2014-15/files/assets/common/downloads/terma%20annual%20report%202015.pdf
19	Document	Terma's Code of Conduct Regarding Anti-Corruption	28/10/19	https://www.terma.com/media/328690/terma_code_of_conduct_abstract_160620.pdf
20	Webpage	Industrial Cooperation and Partnerships	28/10/19	https://www.terma.com/about-us/industrial-cooperation-and-partnerships/
21	Document	Annual Report 2019	28/10/19	https://www.terma.com/static/annual_report2018-19/index.html
22	Webpage	Locations	28/10/19	https://www.terma.com/contact/locations/
23	Webpage	Ethics line – Whistleblower system Page 1	28/10/19	https://terma.whistleblownetwork.net/WebPages/Public/FrontPages/Default.aspx
24	Webpage	Open ownership register	30/10/19	https://register.openownership.org/entities/5b5f31659dfc3fae1815877a

25	Webpage	Annual Report	16/04/20	https://www.terma.com/about-us/reports/annual-report/
26	Webpage	Danish National Corporate Register – Search “TERMA A/S”	08/01/2021	https://datacvr.virk.dk/data/visenhed?enhedstype=virk_somhed&id=41881828&soeg=terma&type=undefined&language=da