

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

FINAL ASSESSMENT

AEROJET ROCKETDYNE

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	8/8
2. Internal Controls	6	4/12
3. Support to Employees	7	8/14
4. Conflict of Interest	4	4/8
5. Customer Engagement	7	2/14
6. Supply Chain Management	5	2/10
7. Agents, Intermediaries and Joint Ventures	10	1/20
8. Offsets	4	0/8
9. High Risk Markets	4	6/8
10. State-Owned Enterprises	0	N/A
TOTAL		35/102
BAND		D

*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
There is evidence that the company has a publicly stated commitment to anti-bribery and corruption, which outlines the company's stance against all forms of bribery and corruption within the organisation. It is clear that this commitment is endorsed and authorised by the company's senior leadership.
Evidence
<p>[3] Code of Conduct Accessed 21/12/2019 http://www.aerjetrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf</p> <p>[p.1] Values should not only define who we are, but also what we aspire to be. With that in mind, I have worked with the leadership team to create "Rocket Values" for our company that reflect the kind of company that we are today, and need to be in the future. Common values help us to align our workforce and shape our culture to create a collaborative environment in which we do great things.</p> <p>Our Rocket Values Framework — Customer Focus, Ethics & Compliance, Quality, and Safety, Health & Environment — provides the foundation for the way we conduct business and work together. This framework is demonstrated throughout our Shared Values: Accountability, Adaptability, Integrity, Excellence and Teamwork.</p> <p>Together, these values represent a culture of high ethical standards. These are the values that we share as a company – collectively and individually. When each of us acts consistent with these values, we determine our company's success. That is why I like to say, "Our people power our success."</p> <p>Each director, officer, principal, employee, contractor, consultant and agent of Aerojet Rocketdyne and its subsidiaries — anyone acting on our behalf — must conduct themselves ethically and adhere to the governing laws and regulations wherever we do business.</p> <p>Please read and familiarize yourself with the content of the Code of Conduct. It is designed to serve as a guide to help you make the right decisions when performing our daily duties.</p> <p>To ensure that we continue to operate as a highly ethical organization, it is imperative that we raise concerns when something doesn't seem right. There are a number of ways to do this. I would encourage you to first discuss any issue or question you may have with your supervisor or an Ethics Champion. You may use the Ethics, Compliance & Safety Helpline at 855-346-5043 or contact the Ethics & Compliance Team via ethics@rocket.com. You may also contact the Human Resources, Legal and Ethics & Compliance departments for guidance.</p> <p>I know that I can count on each team member to share in the responsibility of maintaining the strength of Aerojet Rocketdyne's Ethics & Compliance Program and for maintaining our culture of the highest ethical standards.</p> <p>Thank You Eileen Drake, CEO and President</p> <p>[9] Anti-corruption message from CEO Accessed 17/06/2019 http://www.aerjetrocketdyne.com/sites/default/files/documents/EileenDrake_Anticorruption.pdf</p> <p>A strategic objective for the future of Aerojet Rocketdyne (AR) Holdings Inc. is continuing to grow our presence internationally and pursuing business across global markets. Such a goal presents inherent risk, as international business transactions and their complexities necessitate a heightened level of risk awareness, especially the potential risk of corruption. AR Holdings is dedicated to directly addressing these risks by elevating the awareness of its employees and agents, instituting rigorous controls and policy initiatives to minimize likelihood of corruption,</p>

and employing continuous identification and monitoring efforts to prevent and detect corruption. Accordingly, AR Holdings is aligned with current industry efforts and affiliated with organizations such as the Defense Industry Initiative (DII) and the International Forum on Business Ethical Conduct (IFBEC) to guard effectively and efficiently against corruption.

AR Holdings supports our anti-corruption program with both personnel and resources to ensure effectiveness across the enterprise. Within our Ethics & Compliance and Legal Centers of Excellence (COE) we have knowledgeable individuals who oversee implementation of our Anti-Corruption program. Through collaboration both internally and externally, the program provides for the continuous assessment of our policies, processes and internal controls, and the sharing of best practices in preventing corruption. The AR Holdings anti-corruption team is focused on deterring, detecting and correcting issues in order to enable pursuit of business with complete integrity and transparency, consistent with our Core Values. Our integrity and resulting reputation are not subject to compromise.

We have published a comprehensive anti-corruption policy which provides the foundation for our program. The program incorporates the integration of key compliance policies, such as due diligence related to the retention of international representatives and consultants, and transparency in financial dealings and records retention. Together with periodic and targeted training, we elevate our ongoing awareness and ensure our employees remain knowledgeable and vigilant about the requirements and risks related to global anti-corruption laws such as the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act (UKBA).

AR Holding's Board of Directors, executive, and senior leadership are committed to upholding our anti-corruption standards. Company leaders provide continual guidance to our program to ensure that policies and practices effectively address the risks we face. Across the company, with our employees and partners, we strive to strengthen our resolve against corruption and maintain our well-earned reputation as a leader in the aerospace and defense sectors. In doing so, we at AR Holdings reinforce our ongoing and unwavering commitment to ethical business conduct. Thank you for your support.

Eileen Drake CEO and President Aerojet Rocketdyne Holdings Inc

[11] Ethics (webpage)

Accessed 17/06/2019

<http://www.aerocketrocketdyne.com/ethics>

Aerojet Rocketdyne (AR) Holdings has a long-standing reputation for high integrity in the conduct of its operations. AR Holdings is committed to the highest standards of ethical conduct in all that we do. We believe that honesty and integrity engender trust, which is the cornerstone of our business.

Conducting our business with ethics and integrity is a key priority for AR Holdings, from the Board of Directors to Executive leadership, management, and all employees. Their commitment to AR Holdings' shared values: Accountability, Adaptability, Excellence, Integrity, and Teamwork, and their duty to abide by them, is the foundation of the corporation's continued success. They define how we conduct every aspect of our business, each and every day. Ultimately, our values help to remind us that how we do business is every bit as important as the business itself.

Question
1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories: a) All employees, including staff and leadership of subsidiaries and other controlled entities; b) All board members, including non-executive directors.
Score
2
Comments
<p>The company publishes a clear anti-bribery and corruption policy, which makes specifically prohibits bribery, payments to public officials, commercial bribery and facilitation payments. This policy clearly applies to all employees and board members as described in (a) and (b) in the question.</p>
Evidence
<p>[11] Ethics – anti-bribery and corruption (webpage) Accessed 17/06/2019 http://www.aerogetrocketdyne.com/anti-corruption-anti-bribery Aerojet Rocketdyne (AR) Holdings fully complies with all anti-corruption and anti-bribery prohibitions as stated in the US Foreign Corrupt Practices Act, the United Kingdom Bribery Act, and all other applicable laws, regulations and company policies.</p> <p>Company policy states that each Board Director, officer, executive, manager, and employee of AR Holdings is responsible for the compliance with these laws and must report any suspected violations. The importance of complying with these regulations is communicated to each employee through company directives and periodic training. Furthermore company policy requires suspected violations to be fully investigated and the Board of Directors and senior management are responsible to ensure thorough corrective action is taken to prevent recurrence. Resulting or required corrective action can be disciplinary or administrative in nature, applicable to Board members and employees alike, or procedural/regulatory as dictated by the type of violation</p> <p>[3] Code of Conduct Accessed 21/12/2019 http://www.aerogetrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf [p.1] Each director, officer, principal, employee, contractor, consultant and agent of Aerojet Rocketdyne and its subsidiaries — anyone acting on our behalf — must conduct themselves ethically and adhere to the governing laws and regulations wherever we do business.</p> <p>[p.6] Directors, officers, principals, employees, contractors, consultants and agents of Aerojet Rocketdyne, and its subsidiaries (collectively, the "company") must adhere to appropriate legal and ethical practices. The conduct of everyone who performs work on behalf of, or with Aerojet Rocketdyne, must not only be within the limits of the law, but must go beyond strict legal compliance to avoid any improper action that could discredit the company. All company personnel must be aware of, and conform to, the laws and ethical requirements that govern our business.</p> <p>Other activity which would cause the company or its customer's embarrassment or adverse publicity should be avoided, regardless of whether or not it violates the law. All company personnel are expected to act with integrity and use sound judgment to avoid inappropriate conduct.</p> <p>What is the Aerojet Rocketdyne Code of Conduct? This code is a guide to the conduct expected of employees while working at Aerojet Rocketdyne (including its subsidiaries and affiliates), or providing services to Aerojet Rocketdyne. It is a summary of some of the basic company policies and legal requirements that affect our business. It will help employees recognize when a potential ethical or legal issue exists. It will also provide guidance on where to look for more information and where to ask questions.</p> <p>[p.23] The Heart:</p> <p>Corruption poses a significant legal and economic risk for companies doing business around the world. Aerojet Rocketdyne fully complies with all anti- bribery and anti-corruption prohibitions as stated in the U.S. Foreign Corrupt Practices Act (FCPA), the United Kingdom Bribery Act (UKBA), and all other applicable laws, regulations and company policies.</p>

The UKBA does not mirror the provisions of the FCPA, and is considered more robust. Any UK presence subjects U.S. and foreign companies to jurisdiction under the terms of the UKBA, even if the offense takes place in a third country and is unrelated to UK operations. Thus, Aerojet Rocketdyne must be compliant with the UK anti-bribery law.

The Soul:

In an effort to address the impact of corrupt practices on their economy, more and more countries are passing anti-corruption laws. Employees must not accept or make payments or arrangements of any kind, which are illegal under U.S. law, United Kingdom law and/or the law of any country that applies to the company. Making or accepting any payments that might embarrass or bring negative publicity to the company, although technically legal, is forbidden. For example, these laws prohibit direct or indirect bribery of U.S. and international government officials, political parties, political officials, or candidates for public office or employees of commercial organizations to obtain or retain business or an improper business advantage. Making or accepting any payments that might embarrass or bring negative publicity to the company, although technically legal, is also forbidden.

Employees must remember that if a payment can't stand the light of day, do not make it. This applies to direct and indirect payments such as commissions, fees or facilitating payments. This also applies to other payments to any attorney, salesman, agent, consultant or any other person or organization where the payment could be viewed as a bribe, kickback or illegal activity.

Employees and representatives of Aerojet Rocketdyne should be aware of "red flags" which provide an indication that a transaction might be questionable.

"Red flags" include:

- A history of corruption in the country.
- A lack of transparency in expenses in accounting records.
- Inflated invoices.
- The amount of the payment or commission requested is more than someone would normally expect to pay for the services rendered.

[p.24]

- Employees are not clear (or might be suspicious) about the reputation of an independent consultant or agent because they are less than forthcoming with information.
- High commissions or unusually large fees.
- Lack of written agreement or non-standard written agreement.
- Payments into offshore accounts.
- Use of petty cash or other poorly documented/loosely tracked slush funds.
- Inadequate, generic or otherwise questionable descriptions of activities.
- Missing or incomplete documentation.
- Repetitive payments of same amount or round dollar amounts.
- Large individual or aggregate payments/benefits to one payee.
- Repetitive entertainment/dinner/travel.
- A method of payment is suggested that could be considered unusual for a business transaction (examples: payment in cash, payment to a numbered bank account, payment through a third party or payment in a third country).
- Bribery is a "way of doing business" in the country in question (Note: bribery is illegal in all countries).
- An independent consultant/agent does not have the credentials, qualifications, or resources you would expect for the desired business.
- The proposed agreement between Aerojet Rocketdyne and the consultant/ agent is illegal under local law.
- The independent consultant/agent employs individuals or firms unknown to Aerojet Rocketdyne.

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>Based on publicly available information, the company's Board of Directors and Audit Committee are the bodies that provide oversight of the anti-bribery and corruption programme. There is evidence that their responsibilities include reviewing reports from management on the programme's performance, along with the results of audits, and there is evidence that it has the authority to require that any necessary changes are made.</p>
Evidence
<p>[13] Ethics – board oversight (webpage) Accessed 17/06/2019 http://www.aerogetrocketdyne.com/board-oversight Regarding our Ethics & Compliance program, the Board of Directors and Audit Committee</p> <ul style="list-style-type: none"> • Interact directly with the responsible Ethics & Compliance focal, the Executive Director of E&C on a quarterly basis, and; • are knowledgeable about the content and operation • exercise reasonable oversight of the implementation and effectiveness measures • receive direct reporting about the activities of the program. <p>The Ethics & Compliance function supports the Board's fulfillment of their oversight responsibility by:</p> <ul style="list-style-type: none"> • Providing context of the elements of an effective program, including program health & initiatives in work • Reporting on risks, gaps, and challenges and the initiatives undertaken to manage them • Providing quarterly Ethics Helpline metrics and analysis • Sharing best practices of peers and in the field • Delivering compliance training as required <p>[3] Code of Conduct Accessed 21/12/2019 http://www.aerogetrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf [p.31] Executive Ethics Committee</p> <p>The Executive Ethics Committee (“EEC”) is comprised of executive leaders and demonstrates the commitment of our leadership team. By providing a leadership oversight to the ethics and business conduct program, it supports and enables the company to create an ethical and compliant working environment.</p> <p>The EEC reviews the ethics awareness training and business conduct compliance training programs, metrics on investigations, trends and employee survey results, and matters referred by the Ethics & Compliance organization.</p> <p>[5] Audit committee charter Accessed 17/06/2019 https://ir.aerogetrocketdyne.com/static-files/fe78171b-0880-4d92-b48e-790140488d81 [p.1] The purposes of the Audit Committee of Aerojet Rocketdyne Holdings, Inc. are (a) to assist the Board of Directors in overseeing... the Company's compliance with legal and regulatory requirements, including the effectiveness of the Company's corporate Ethics and Compliance Program;</p> <p>The Committee shall have and may exercise the powers of the Board of Directors in managing the business and affairs of the Company in accordance with the following delegated duties and functions, to:</p> <p>a. Have the sole and direct responsibility and authority for the appointment (with subsequent submission to the C company's shareholders for ratification) and termination, compensation, evaluation and oversight of the work of the independent auditors (the “Auditors”), including resolving disagreements between management and the Auditors regarding financial reporting. The Auditors shall report directly to the Committee. The Committee shall have the responsibility and authority to approve in advance all audit and permitted non-audit services to be provided by the Auditors, and may delegate to one or more designated members of the Committee the authority to grant pre-</p>

approvals of audit and permitted non-audit services, which pre-approvals shall be presented to the full Committee at its next scheduled meeting

[p.4] q. Review the Company's policies and practices related to compliance with law, regulations, Code of Business Ethics and Conduct, and conflicts of interest, to be satisfied that such policies and practices are adequate and adhered to by the Company, and monitor the status of such compliance through the review of periodic reports from management, legal counsel, the Company's corporate Ethics and Compliance Officer, and third parties as determined by the Committee;

r. Review and evaluate the Company's corporate Ethics and Compliance Program function, including its independence, staffing, and performance, and recommend to management changes or improvements therein.

[16] Periodic assessments (webpage)

Accessed 17/06/2019

<http://www.aerocketrocketdyne.com/periodic-assessments>

Internal audits and risk monitoring

AR Holdings maintains specific resources to review internal operating functions and adherence to governing policies and regulations. Results are consolidated, elevated for proper action as needed, and tracked to resolution across the enterprise. AR Holdings has also adopted a formal Enterprise Risk Management program to identify, track, and mitigate risk to the business, its operations, and our ongoing ability to meet our customer, regulatory, and community obligations.

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
2
Comments
<p>There is evidence that the company has an Ethics and Compliance Team which manages its anti-bribery and corruption programme. The Executive Director of this team reports to the Board of Directors and Audit Committee on a quarterly basis regarding the activities of the programme. In addition, there is evidence of reporting and feedback activities between this individual as part of the company's reporting structure.</p>
Evidence
<p>[13] Ethics – board oversight (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/board-oversight</p> <p>Regarding our Ethics & Compliance program, the Board of Directors and Audit Committee</p> <ul style="list-style-type: none"> • Interact directly with the responsible Ethics & Compliance focal, the Executive Director of E&C on a quarterly basis, and; • are knowledgeable about the content and operation • exercise reasonable oversight of the implementation and effectiveness measures • receive direct reporting about the activities of the program. <p>The Ethics & Compliance function supports the Board's fulfillment of their oversight responsibility by:</p> <ul style="list-style-type: none"> • Providing context of the elements of an effective program, including program health & initiatives in work • Reporting on risks, gaps, and challenges and the initiatives undertaken to manage them • Providing quarterly Ethics Helpline metrics and analysis • Sharing best practices of peers and in the field • Delivering compliance training as required <p>[3] Code of Conduct Accessed 21/12/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf</p> <p>[p.31] Ethics & Compliance Team</p> <p>The E&C team manages the Ethics & Business Conduct Program. The team is focused on clear communications, encouraging reporting of issues and ensuring there is no retaliation against individuals who report concerns. A dedicated E&C team member is assigned to each site as their Ethics Officer. Ethics Officers are available to help you with any concerns or inquiries that you may have. Contact information for each Ethics Officer can be located on the E&C webpages on the Aerojet Rocketdyne intranet.</p> <p>[p.32] Ethics Champions</p> <p>Ethics Champions are individuals within a business unit, functional organization or site who are selected by their leadership to help foster ethics and compliance awareness. The Ethics Champion is expected to be approachable, accessible, available, and able to help an individual wrestling with a dilemma or "grey area." When faced with a dilemma, employees are encouraged to "speak up" by talking with leadership, an Ethics Champion, or any representative from Human Resources, Legal, Safety, Health and Environment or E&C.</p> <p>A list of the Business Unit and Center of Excellence Ethics Champion is on the E&C intranet site.</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
1
Comments
<p>Based on publicly available information, there is evidence that the company incorporates bribery and corruption risk into its wider Enterprise Risk Management process.</p> <p>However, further information on this process is not publicly available. The company does not provide any further detail on the assessment process, such as the frequency at which the assessment is undertaken and reviewed, the types of risk factors which are considered and how the assessment is used to inform the company's anti-bribery and corruption programme.</p>
Evidence
<p>[17] Ethics – anti-bribery and corruption (webpage) Accessed 17/06/2019 http://www.aerogetrocketdyne.com/anti-corruption-anti-bribery Anti-Bribery and Anti-Corruption risk is also actively managed at the Board of Directors and executive management level through a company-wide Enterprise Risk Management process.</p> <p>[16] Periodic assessments (webpage) Accessed 17/06/2019 http://www.aerogetrocketdyne.com/periodic-assessments Internal audits and risk monitoring</p> <p>AR Holdings maintains specific resources to review internal operating functions and adherence to governing policies and regulations. Results are consolidated, elevated for proper action as needed, and tracked to resolution across the enterprise. AR Holdings has also adopted a formal Enterprise Risk Management program to identify, track, and mitigate risk to the business, its operations, and our ongoing ability to meet our customer, regulatory, and community obligations.</p> <p>[5] Audit committee charter Accessed 17/06/2019 https://ir.aerogetrocketdyne.com/static-files/fe78171b-0880-4d92-b48e-790140488d81 [p.1] The Committee shall have and may exercise the powers of the Board of Directors in managing the business and affairs of the Company in accordance with the following delegated duties and functions, to:</p> <p>[p.3] j. Periodically review and discuss with management the Company's guidelines and policies with respect to the process by which the Company undertakes risk assessment and risk management, including discussion of the Company's major financial and compliance risk exposures and the steps management has taken to monitor and control such exposures;</p>

Question
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?
Score
1
Comments
<p>The company's Audit Committee is responsible for periodically reviewing its ethics and compliance programme as well as the effectiveness of its compliance function. This includes reviewing the adequacy of policies and practices and the independence, staffing and performance of the Ethics and Compliance Team, and recommending improvements or changes.</p> <p>However, the company's publicly available evidence suggests that internal audits are conducted on the company's operating functions and it is unclear from public information how frequently audits are undertaken on the company's ethics and compliance programme.</p>
Evidence
<p>[5] Audit committee charter Accessed 17/06/2019 https://ir.aerofrocketdyne.com/static-files/fe78171b-0880-4d92-b48e-790140488d81 [p.3] The Committee shall have and may exercise the powers of the Board of Directors in managing the business and affairs of the Company in accordance with the following delegated duties and functions, to:</p> <p>q. Review the Company's policies and practices related to compliance with law, regulations, Code of Business Ethics and Conduct, and conflicts of interest, to be satisfied that such policies and practices are adequate and adhered to by the Company, and monitor the status of such compliance through the review of periodic reports from management, legal counsel, the Company's corporate Ethics and Compliance Officer, and third parties as determined by the Committee;</p> <p>r. Review and evaluate the Company's corporate Ethics and Compliance Program function, including its independence, staffing, and performance, and recommend to management changes or improvements therein;</p> <p>[16] Periodic assessments (webpage) Accessed 17/06/2019 http://www.aerofrocketdyne.com/periodic-assessments Internal audits and risk monitoring</p> <p>AR Holdings maintains specific resources to review internal operating functions and adherence to governing policies and regulations. Results are consolidated, elevated for proper action as needed, and tracked to resolution across the enterprise. AR Holdings has also adopted a formal Enterprise Risk Management program to identify, track, and mitigate risk to the business, its operations, and our ongoing ability to meet our customer, regulatory, and community obligations.</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
1
Comments
<p>The company indicates that it commits to conduct timely investigations, and states that employees are required to cooperate with internal investigations. The company provides some information about the steps in its investigative procedure and there is evidence that the company has a central database where it stores information on whistleblowing reports. There is also evidence that the Executive Ethics Committee reviews quarterly briefings and data on investigations.</p> <p>However, the company provides no further publicly available details its investigative process from receipt to final outcome. While the company indicates that employees may follow up on reports, there is no evidence that it clearly commits to provide whistleblowers with information on the outcome of investigations. It is also not clear whether investigations are handled by an independent team and/or report to an independent board member.</p>
Evidence
<p>[3] Code of Conduct (Document) Accessed 21/12/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf</p> <p>[p.28] Aerojet Rocketdyne requires all employees to perform their duties in compliance with our Code of Conduct and policies as well as applicable laws and regulations. We follow both the letter and the spirit of the laws and regulations that govern our business. All directors, officers, principals, employees, contractors, consultants and agents of Aerojet Rocketdyne have an obligation to immediately report any situation which appears to involve suspected illegal or improper activities, be in violation of law or regulation, or be contrary to the Aerojet Rocketdyne Code of Conduct, or Aerojet Rocketdyne policies. Such reports must be made to the employee's supervisor, an Ethics Officer, the senior director of Ethics & Compliance, or an Aerojet Rocketdyne attorney. Reports may also be raised to the Ethics, Compliance & Safety Helpline by calling (855) 346-5043 or by using the on-line reporting tool located on the Aerojet Rocketdyne intranet home page, and on the Aerojet Rocketdyne external website which allows for anonymous reporting.</p> <p>Violations of the Code of Conduct are subject to appropriate review and investigation, as needed, and may result in disciplinary action if substantiated, up to and including termination of employment. Such discipline will be more severe for employees in a position of responsibility who knew, or reasonably should have known, that their actions or activities were contrary to the Code of Conduct.</p> <p>All employees are required to cooperate in internal investigations. You must never destroy or alter any documents or electronic records, lie to or mislead an investigator or obstruct the collection of information relating to an investigation or any legal action brought on behalf of, or against, the company.</p> <p>The company has a clear policy of cooperating with government investigations; you must notify Ethics & Compliance or the Legal department if you learn that a government agency or any third party is conducting an investigation or asking for information pertaining to a suspected violation of law. If contacted by a government investigator or attorney directly, please contact the Legal department</p> <p>[p.29] promptly so that the company can coordinate its response to the government inquiry, as well as provide any assistance, or answer any questions employees may have about the process. If requested by Aerojet Rocketdyne, you are also required to cooperate with investigations conducted by the government.</p> <p>In addition, the Federal Acquisition Regulation (FAR) imposes certain mandatory disclosure requirements on prime contractors and subcontractors such as Aerojet Rocketdyne, requiring the reporting of matters involving evidence of fraud, false claims and contract overpayments. Failure to strictly follow these regulations can result in debarment of the company and involved company personnel from doing business with the government. In order to ensure that the company complies with its reporting obligations, Aerojet Rocketdyne must conduct thorough and timely internal investigations of company activities that could give rise to a legal, compliance or ethics infraction. To do so, company employees must immediately make internal reports of suspected or actual misconduct, whether or not</p>

involving possible fraud, false claims, or contract overpayments, using any of our internal reporting mechanisms, including the company's Ethics & Compliance or Legal department.

If anyone suspects that the actions or activities of other directors, officers, principals, employees, contractors, consultants, and agents of Aerojet Rocketdyne or anyone acting on behalf of Aerojet Rocketdyne may be contrary to the Code of Conduct, they have an obligation, not an option, to report their concerns. Failure to report observed or suspected ethics and conduct issues as required by the Code of Conduct will result in appropriate disciplinary action, up to and including termination.

The confidentiality of employees making a report will be protected, to the extent permitted, consistent with existing laws, regulations, requirements of the government, and the best interests of Aerojet Rocketdyne.

Aerojet Rocketdyne management does not condone and will not tolerate any act of retaliation against any employee making a report in good faith under this Code.

[p.31] Executive Ethics Committee

The Executive Ethics Committee ("EEC") is comprised of executive leaders and demonstrates the commitment of our leadership team. By providing a leadership oversight to the ethics and business conduct program, it supports and enables the company to create an ethical and compliant working environment.

The EEC reviews the ethics awareness training and business conduct compliance training programs, metrics on investigations, trends and employee survey results, and matters referred by the Ethics & Compliance organization.

[p.33] 3. Who do I talk to if I think I have experienced or know of a violation of law, regulations, company policy and directives, contract, safety, or ethics? If possible, try to address the issue first with a supervisor or manager. If that is not possible, employees are uncomfortable going that route, or the manager was unable to assist in fully resolving the issue, please feel free to contact the Legal Department, Human Resources or the E&C department at ethics@rocket.com or by phone 916-351-8583. Employees can find a list of contact names on the E&C Contact Us intranet page. The easiest way for us to resolve a concern is to talk to employees and get all of the needed information. If employees would like to remain anonymous, please contact our third-party Ethics, Compliance & Safety Helpline at 855-346-5043

4. Can I remain anonymous if I make a claim or inquiry? Yes! If employees wish to remain anonymous there are two avenues to can pursue. One is to call the helpline at 855-346-5043; the other is to fill out the online Ethics Submittal Form on the Aerojet Rocketdyne website. Employees will be given a choice on whether they want to give their name or remain anonymous.

[p.34] Both avenues allow employees to follow up on their concern and allow the E&C department to send additional questions, all while retaining anonymity. Also keep in mind that the confidentiality of any non-anonymous employee making a report is of utmost importance and will be respected to the extent permitted, consistent with existing laws, regulations and requirements of the government and the best interests of Aerojet Rocketdyne.

5. How can I follow up on my ethics concerns or questions?

If employees have previously referred an ethics concern or question to the Legal or E&C departments, feel free to contact them directly. If employees left a message on the helpline or website please refer to the tracking number provided. Employees should always feel free to contact any member of the E&C team directly.

[12] Ethics – transparent communication (webpage)

Accessed 17/06/2019

<http://www.aerjetrocketdyne.com/transparent-communication>

Aerojet Rocketdyne Holdings is committed to transparent communication and we provide our stakeholders a steady flow of communications about the company's Ethics & Compliance program and the health of our ethical culture.

Beginning with the Board of Directors and the Audit Committee, the Ethics & Compliance function provides quarterly and annual briefing reports detailing program initiatives, program health metrics and case management analysis, risk mitigation information, and compliance training as a means of ensuring board awareness and engagement.

Every quarter, data is gathered from our Helpline database and includes the number of cases received, identified vs. anonymous reporting, substantiated vs. unsubstantiated outcomes, action taken, and issue type. Results are sent enterprise wide to all employees in our "Pulse on Ethics" report. These metrics allow us to identify trends, potential risk areas, and to target areas that offer opportunities for improvement.

[11] Ethics (webpage)

Accessed 17/06/2019

<http://www.aerocketrocketdyne.com/ethics>

AR Holdings promotes a "speak up" culture. We depend on everyone to speak up if they see something that isn't "right" or if they experience something of concern. To protect our reputation, there must be a willingness to raise and openly discuss our concerns.

AR Holdings has a zero-tolerance policy when it comes to retaliation. Period. Be assured that we will investigate any instance where someone who raises a concern in good faith may have experienced mistreatment, retaliation, or retribution for speaking up.

While the Code is designed to address ethical and legal issues of various scopes, there may be instances where you have a question regarding a certain situation. If that occurs, you should contact the Ethics & Compliance Department at ethics@rocket.com, submit an online Ethics, Compliance, & Safety Online Inquiry/Reporting Form (anonymous option), or call the Ethics, Compliance & Safety Helpline at 855-346-5043 (anonymous option).

[14] Ethics – reporting & resolution (webpage)

Accessed 17/06/2019

<http://www.aerocketrocketdyne.com/reporting-resolution>

We aim to create an environment where people feel confident to speak up when something just doesn't "feel right."

We encourage employees to ask questions or to report suspected violations of law, regulations, or company policy to their manager or to the Ethics & Compliance, Human Resources, Legal, or indicated department (i.e., SH&E, Quality).

Employees, customers, and suppliers may use our confidential Helpline that is managed by a third party provider and can be accessed via an online submittal form found on the Internet and intranet, or by calling 855-346-5043. Although we encourage employees to identify themselves, there is the option to remain anonymous if desired.

We take allegations of unethical behavior very seriously and promptly review and investigate reported concerns. By doing so, we promote a culture of compliance and ongoing adherence to laws, regulations, and company policy, complete with enforcement and discipline as appropriate.

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
0
Comments
<p>There is no publicly available information regarding how the company ensures itself of the quality of investigations, for example by indicating that staff conducting investigations are properly trained, by implementing a policy to handle complaints about the process or by reviewing the investigation process every three years.</p>
Evidence
<p>[3] Code of Conduct (Document) Accessed 21/12/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf</p> <p>[p.28] Aerojet Rocketdyne requires all employees to perform their duties in compliance with our Code of Conduct and policies as well as applicable laws and regulations. We follow both the letter and the spirit of the laws and regulations that govern our business. All directors, officers, principals, employees, contractors, consultants and agents of Aerojet Rocketdyne have an obligation to immediately report any situation which appears to involve suspected illegal or improper activities, be in violation of law or regulation, or be contrary to the Aerojet Rocketdyne Code of Conduct, or Aerojet Rocketdyne policies. Such reports must be made to the employee's supervisor, an Ethics Officer, the senior director of Ethics & Compliance, or an Aerojet Rocketdyne attorney. Reports may also be raised to the Ethics, Compliance & Safety Helpline by calling (855) 346-5043 or by using the on-line reporting tool located on the Aerojet Rocketdyne intranet home page, and on the Aerojet Rocketdyne external website which allows for anonymous reporting.</p> <p>Violations of the Code of Conduct are subject to appropriate review and investigation, as needed, and may result in disciplinary action if substantiated, up to and including termination of employment. Such discipline will be more severe for employees in a position of responsibility who knew, or reasonably should have known, that their actions or activities were contrary to the Code of Conduct.</p> <p>All employees are required to cooperate in internal investigations. You must never destroy or alter any documents or electronic records, lie to or mislead an investigator or obstruct the collection of information relating to an investigation or any legal action brought on behalf of, or against, the company.</p> <p>[p.31] Executive Ethics Committee</p> <p>The Executive Ethics Committee ("EEC") is comprised of executive leaders and demonstrates the commitment of our leadership team. By providing a leadership oversight to the ethics and business conduct program, it supports and enables the company to create an ethical and compliant working environment.</p> <p>The EEC reviews the ethics awareness training and business conduct compliance training programs, metrics on investigations, trends and employee survey results, and matters referred by the Ethics & Compliance organization.</p>

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
1
Comments
<p>There is publicly available evidence that the company's investigative procedure includes provisions to report information about cases to the Board of Directors and Audit Committee on a quarterly basis. The company indicates that the Ethics and Compliance function is responsible for providing updates on this subject.</p> <p>However, the company receives a score of '1' because it is not clear from publicly available information 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 necessary.</p>
Evidence
<p>[3] Code of Conduct (Document) Accessed 21/12/2019 http://www.aerjetrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf [p.28] The company has a clear policy of cooperating with government investigations; you must notify Ethics & Compliance or the Legal department if you learn that a government agency or any third party is conducting an investigation or asking for information pertaining to a suspected violation of law. If contacted by a government investigator or attorney directly, please contact the Legal department ...</p> <p>[p.29] ... promptly so that the company can coordinate its response to the government inquiry, as well as provide any assistance, or answer any questions employees may have about the process. If requested by Aerojet Rocketdyne, you are also required to cooperate with investigations conducted by the government.</p> <p>In addition, the Federal Acquisition Regulation (FAR) imposes certain mandatory disclosure requirements on prime contractors and subcontractors such as Aerojet Rocketdyne, requiring the reporting of matters involving evidence of fraud, false claims and contract overpayments. Failure to strictly follow these regulations can result in debarment of the company and involved company personnel from doing business with the government. In order to ensure that the company complies with its reporting obligations, Aerojet Rocketdyne must conduct thorough and timely internal investigations of company activities that could give rise to a legal, compliance or ethics infraction. To do so, company employees must immediately make internal reports of suspected or actual misconduct, whether or not involving possible fraud, false claims, or contract overpayments, using any of our internal reporting mechanisms, including the company's Ethics & Compliance or Legal department.</p> <p>If anyone suspects that the actions or activities of other directors, officers, principals, employees, contractors, consultants, and agents of Aerojet Rocketdyne or anyone acting on behalf of Aerojet Rocketdyne may be contrary to the Code of Conduct, they have an obligation, not an option, to report their concerns. Failure to report observed or suspected ethics and conduct issues as required by the Code of Conduct will result in appropriate disciplinary action, up to and including termination.</p> <p>[12] Ethics – transparent communication (webpage) Accessed 17/06/2019 http://www.aerjetrocketdyne.com/transparent-communication Aerojet Rocketdyne Holdings is committed to transparent communication and we provide our stakeholders a steady flow of communications about the company's Ethics & Compliance program and the health of our ethical culture.</p> <p>Beginning with the Board of Directors and the Audit Committee, the Ethics & Compliance function provides quarterly and annual briefing reports detailing program initiatives, program health metrics and case management analysis, risk mitigation information, and compliance training as a means of ensuring board awareness and engagement.</p> <p>[13] Ethics – board oversight (webpage) Accessed 17/06/2019 http://www.aerjetrocketdyne.com/board-oversight Regarding our Ethics & Compliance program, the Board of Directors and Audit Committee</p>

- Interact directly with the responsible Ethics & Compliance focal, the Executive Director of E&C on a quarterly basis, and;
- are knowledgeable about the content and operation
- exercise reasonable oversight of the implementation and effectiveness measures
- receive direct reporting about the activities of the program.

The Ethics & Compliance function supports the Board's fulfillment of their oversight responsibility by:

- Providing context of the elements of an effective program, including program health & initiatives in work
- Reporting on risks, gaps, and challenges and the initiatives undertaken to manage them
- Providing quarterly Ethics Helpline metrics and analysis
- Sharing best practices of peers and in the field
- Delivering compliance training as required

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption investigations or disciplinary actions involving its employees. The company indicates that it collects and evaluates this data on a quarterly basis, however there is no evidence that it publishes this data on its website or in a publicly available report.
Evidence
<p>[12] Ethics – transparent communication (webpage) Accessed 17/06/2019 http://www.aerofrocketdyne.com/transparent-communication [...] Every quarter, data is gathered from our Helpline database and includes the number of cases received, identified vs. anonymous reporting, substantiated vs. unsubstantiated outcomes, action taken, and issue type. Results are sent enterprise wide to all employees in our "Pulse on Ethics" report. These metrics allow us to identify trends, potential risk areas, and to target areas that offer opportunities for improvement.</p>

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
1
Comments
<p>There is evidence that the company requires its employees to undertake training on anti-bribery and corruption, which it provides in English since it only operates in the United States. The company indicates that employees are required to undertake refresher trainings on a periodic basis.</p> <p>However, there is no evidence that employees must undertake and refresh their training on anti-corruption at least every three years. The company also does not clearly indicate that the training includes information on the whistleblowing options available to employees.</p>
Evidence
<p>[9] Anti-corruption message from CEO Accessed 17/06/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/EileenDrake_Anticorruption.pdf [p.1] We have published a comprehensive anti-corruption policy which provides the foundation for our program. The program incorporates the integration of key compliance policies, such as due diligence related to the retention of international representatives and consultants, and transparency in financial dealings and records retention. Together with periodic and targeted training, we elevate our ongoing awareness and ensure our employees remain knowledgeable and vigilant about the requirements and risks related to global anti-corruption laws such as the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act (UKBA).</p> <p>[17] Ethics – anti-corruption and anti-bribery (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/anti-corruption-anti-bribery The company also has a targeted anti-corruption module as part of its ethics and compliance training program, more specifically aimed at the higher risk areas of Business Development and Program Management. There is annualized, computer-based interactive anti-corruption/bribery training provided to the Board and these key functional personnel to augment policy understanding, offer practical application, and increase situational awareness to mitigate corruption and bribery risk in daily job execution. Additionally, the company maintains access to services to conduct due diligence that minimizes corruption risk when selecting or reappointing agents.</p> <p>[3] Code of Conduct Accessed 21/12/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf [p.31] Executive ethics committee</p> <p>The EEC reviews the ethics awareness training and business conduct compliance training programs, metrics on investigations, trends and employee survey results, and matters referred by the Ethics & Compliance organization.</p> <p>[18] Ethics – compliance training (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/compliance-training We depend on our employees to comply with the code, be aware of laws, regulations, and company policies, and live up to our values.</p> <p>To strengthen employees' understanding, we periodically require all employees, contract labor, agents, consultants, members of the board of directors, and others representing or acting for the company, to undertake refresher Code of Conduct training. Other required training for employees consists of Export Control and Doing Business with the Federal Government. In addition, Aerojet Rocketdyne Holdings has established employee core Curriculum which includes:</p>

- Security-OPSEC
- Computer Security Awareness
- Sexual Harassment Prevention
- Property Awareness
- Chemical Security Awareness
- New Hire Orientation
- IT Data Protection
- Violence Prevention in the Workplace/Threat Management
- Records and Information Management
- TINA
- Labor Charging and Timekeeping
- Other site specific training

Question
3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees: a) Employees in high risk positions, b) Middle management, c) Board members.
Score
1
Comments
<p>There is evidence that the company provides tailored ethics and compliance training for board members and employees in higher risk roles on an annual basis. However, there is no publicly available evidence that the company provides tailored training for employees in middle management positions.</p>
Evidence
<p>[17] Ethics – anti-corruption and anti-bribery (webpage) Accessed 17/06/2019 http://www.aerofrocketdyne.com/anti-corruption-anti-bribery The company also has a targeted anti-corruption module as part of its ethics and compliance training program, more specifically aimed at the higher risk areas of Business Development and Program Management. There is annualized, computer-based interactive anti-corruption/bribery training provided to the Board and these key functional personnel to augment policy understanding, offer practical application, and increase situational awareness to mitigate corruption and bribery risk in daily job execution. Additionally, the company maintains access to services to conduct due diligence that minimizes corruption risk when selecting or reappointing agents.</p>

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>There is evidence that the company has implemented several measures for reviewing the effectiveness of its anti-bribery and corruption communications and training programme. Such measures include a monthly leadership ethics scorecard, a bi-monthly ethics poll and participation in the Defence Industry Benchmark survey on a bi-annual basis. The company's Executive Ethics Committee reviews trends and employee survey results. The company also gathers data on a quarterly basis from its whistleblowing channel and has developed metrics which allow the company to identify potential risk areas and opportunities for improvement.</p>
Evidence
<p>[16] Ethics – periodic assessments (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/periodic-assessments Well implemented programs drive strong culture and reduce ethical risks. Every company should ask itself, "Is our compliance program meeting expectations?"</p> <p>At Aerojet Rocketdyne (AR) Holdings we implement the following elements to assess our ethical culture; these tools allow us to evaluate what we are doing right and what areas have an opportunity for improvement:</p> <p>Leadership Commitment Scorecard Our Leader Commitment Scorecard reflects our intent to demonstrate leadership commitment to practice high ethical standards and foster trust. "Ethics Champions" (Ethics representatives at each site and business unit) assess the performance of their leader against six objectives regarding leader accessibility, ethical behavior, and their adherence to compliance requirements. Reviewing the scorecard with the leader each month allows for continuous ethical messaging and also will highlight areas needing improvement.</p> <p>Bi-Monthly Ethics Poll Every other month a poll is delivered to a random sample of the workforce and asks "Does your manager demonstrate his or her commitment to the highest ethical standards?" Employees respond using an anonymous online polling process to record their answer and submit comments.</p> <p>Our commitment to communicate our ethical standards is more than a matter of providing information - it embodies our vision that managers "walk the talk" and demonstrate their personal commitment to ethical business practices in everything they do.</p> <p>Employee feedback is a valued barometer which helps assess our progress in embedding a culture of responsible business conduct. All employee feedback is reviewed and strongly encouraged.</p> <p>Defense Industry Benchmark (DIB) Survey Bi-annually, AR Holdings participates in the DIB, managed by Ethics Resource Center (ERC). The DIB survey acts as a basic ethical barometer and allows us to measure specific facets of our ethical culture, leadership, and engagement against other comparable companies in the aerospace industry.</p> <p>[12] Ethics – transparent communication (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/transparent-communication Aerojet Rocketdyne Holdings is committed to transparent communication and we provide our stakeholders a steady flow of communications about the company's Ethics & Compliance program and the health of our ethical culture.</p> <p>Beginning with the Board of Directors and the Audit Committee, the Ethics & Compliance function provides quarterly and annual briefing reports detailing program initiatives, program health metrics and case management analysis, risk mitigation information, and compliance training as a means of ensuring board awareness and engagement.</p>

Every quarter, data is gathered from our Helpline database and includes the number of cases received, identified vs. anonymous reporting, substantiated vs. unsubstantiated outcomes, action taken, and issue type. Results are sent enterprise wide to all employees in our "Pulse on Ethics" report. These metrics allow us to identify trends, potential risk areas, and to target areas that offer opportunities for improvement.

[3] Code of Conduct

Accessed 21/12/2019

<http://www.aerofrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf>

[p.31] Executive Ethics Committee

The Executive Ethics Committee ("EEC") is comprised of executive leaders and demonstrates the commitment of our leadership team. By providing a leadership oversight to the ethics and business conduct program, it supports and enables the company to create an ethical and compliant working environment.

The EEC reviews the ethics awareness training and business conduct compliance training programs, metrics on investigations, trends and employee survey results, and matters referred by the Ethics & Compliance organization.

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
There is no public evidence to suggest that the company's incentive schemes for employees incorporate ethical or anti-bribery and corruption principles.
Evidence
<p>[7] Organisation and compensation committee charter Accessed 17/06/2019 https://ir.aerofjetrocketdyne.com/static-files/340b2c36-83b9-4e74-9f2e-96e8661f1a3c [p.1] The Committee shall have and may exercise the powers of the Board in managing the business and affairs of the Company in accordance with the following delegated duties and functions, to:</p> <p>[p.3] q. (i) review the Company's incentive compensation arrangements and consider any excessive risk taking, (ii) review the relationship between risk management policies and practices and compensation and (iii) discuss and consider any policies or practices which could mitigate such risks;</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
0
Comments
While the company promotes a 'speaking up' culture and has a non-retaliation policy, it does not explicitly state that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business.
Evidence
<p>[11] Ethics (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/ethics AR Holdings promotes a "speak up" culture. We depend on everyone to speak up if they see something that isn't "right" or if they experience something of concern. To protect our reputation, there must be a willingness to raise and openly discuss our concerns.</p> <p>AR Holdings has a zero-tolerance policy when it comes to retaliation. Period. Be assured that we will investigate any instance where someone who raises a concern in good faith may have experienced mistreatment, retaliation, or retribution for speaking up.</p> <p>[15] Ethics – non-retaliation policy (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/non-retaliation-policy Aerojet Rocketdyne Holdings will not condone any act of retribution or retaliation against an individual who makes a report in good faith.</p> <p>All suspected acts of retaliation are taken very seriously, will be investigated, and will result in disciplinary action if substantiated.</p> <p>[3] Code of Conduct (Document) Accessed 21/12/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf [p.29] If anyone suspects that the actions or activities of other directors, officers, principals, employees, contractors, consultants, and agents of Aerojet Rocketdyne or anyone acting on behalf of Aerojet Rocketdyne may be contrary to the Code of Conduct, they have an obligation, not an option, to report their concerns. Failure to report observed or suspected ethics and conduct issues as required by the Code of Conduct will result in appropriate disciplinary action, up to and including termination.</p> <p>The confidentiality of employees making a report will be protected, to the extent permitted, consistent with existing laws, regulations, requirements of the government, and the best interests of Aerojet Rocketdyne.</p> <p>Aerojet Rocketdyne management does not condone and will not tolerate any act of retaliation against any employee making a report in good faith under this Code.</p> <p>[p.30] Non-retaliation policy</p> <p>The heart</p> <p>Aerojet Rocketdyne will not condone any act of retribution or retaliation against any individual at Aerojet Rocketdyne who conscientiously seeks to follow and implement this Code of Conduct or any other company policy. Individuals with complaints or concerns should contact their local Human Resources representative. Individuals with concerns of retaliation who do not have access to resources internal to Aerojet Rocketdyne should contact the company via the company's internet site http://www.rocket.com.</p> <p>The Soul:</p>

Aerojet Rocketdyne will not permit retaliation for reports made in good faith about violations of the law, rules, regulations, this Code of Conduct, or related company policies. Under several federal laws and regulations, retaliation against an informant is a federal crime.

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>There is evidence that the company has a clear policy that it will not tolerate retaliation against whistleblowers and employees who report bribery and corruption incidents. The policy applies to all employees and third parties engaged by the company, or anyone on its behalf. There is evidence that the company assures itself of its employees' trust in this commitment through surveys to assess general awareness of its ethics and compliance programme, as well as through the usage data of its whistleblowing channel.</p>
Evidence
<p>[11] Ethics (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/ethics AR Holdings promotes a "speak up" culture. We depend on everyone to speak up if they see something that isn't "right" or if they experience something of concern. To protect our reputation, there must be a willingness to raise and openly discuss our concerns.</p> <p>AR Holdings has a zero-tolerance policy when it comes to retaliation. Period. Be assured that we will investigate any instance where someone who raises a concern in good faith may have experienced mistreatment, retaliation, or retribution for speaking up.</p> <p>[15] Ethics – non-retaliation policy (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/non-retaliation-policy Aerojet Rocketdyne Holdings will not condone any act of retribution or retaliation against an individual who makes a report in good faith.</p> <p>All suspected acts of retaliation are taken very seriously, will be investigated, and will result in disciplinary action if substantiated.</p> <p>[3] Code of Conduct (Document) Accessed 21/12/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf [p.29] If anyone suspects that the actions or activities of other directors, officers, principals, employees, contractors, consultants, and agents of Aerojet Rocketdyne or anyone acting on behalf of Aerojet Rocketdyne may be contrary to the Code of Conduct, they have an obligation, not an option, to report their concerns. Failure to report observed or suspected ethics and conduct issues as required by the Code of Conduct will result in appropriate disciplinary action, up to and including termination.</p> <p>The confidentiality of employees making a report will be protected, to the extent permitted, consistent with existing laws, regulations, requirements of the government, and the best interests of Aerojet Rocketdyne.</p> <p>Aerojet Rocketdyne management does not condone and will not tolerate any act of retaliation against any employee making a report in good faith under this Code.</p> <p>[p.30] Non-retaliation policy</p> <p>The heart</p> <p>Aerojet Rocketdyne will not condone any act of retribution or retaliation against any individual at Aerojet Rocketdyne who conscientiously seeks to follow and implement this Code of Conduct or any other company policy. Individuals with complaints or concerns should contact their local Human Resources representative. Individuals with concerns of retaliation who do not have access to resources internal to Aerojet Rocketdyne should contact the company via the company's internet site http://www.rocket.com.</p>

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[12] Ethics – transparent communication (webpage)

Accessed 17/06/2019

<http://www.aerocketrocketdyne.com/transparent-communication>

Aerojet Rocketdyne Holdings is committed to transparent communication and we provide our stakeholders a steady flow of communications about the company's Ethics & Compliance program and the health of our ethical culture.

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Every quarter, data is gathered from our Helpline database and includes the number of cases received, identified vs. anonymous reporting, substantiated vs. unsubstantiated outcomes, action taken, and issue type. Results are sent enterprise wide to all employees in our "Pulse on Ethics" report. These metrics allow us to identify trends, potential risk areas, and to target areas that offer opportunities for improvement.

[16] Ethics – periodic assessments (webpage)

Accessed 17/06/2019

<http://www.aerocketrocketdyne.com/periodic-assessments>

Well implemented programs drive strong culture and reduce ethical risks. Every company should ask itself, "Is our compliance program meeting expectations?"

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Leadership Commitment Scorecard

Our Leader Commitment Scorecard reflects our intent to demonstrate leadership commitment to practice high ethical standards and foster trust. "Ethics Champions" (Ethics representatives at each site and business unit) assess the performance of their leader against six objectives regarding leader accessibility, ethical behavior, and their adherence to compliance requirements. Reviewing the scorecard with the leader each month allows for continuous ethical messaging and also will highlight areas needing improvement.

Bi-Monthly Ethics Poll

Every other month a poll is delivered to a random sample of the workforce and asks "Does your manager demonstrate his or her commitment to the highest ethical standards?" Employees respond using an anonymous online polling process to record their answer and submit comments.

Our commitment to communicate our ethical standards is more than a matter of providing information - it embodies our vision that managers "walk the talk" and demonstrate their personal commitment to ethical business practices in everything they do.

Employee feedback is a valued barometer which helps assess our progress in embedding a culture of responsible business conduct. All employee feedback is reviewed and strongly encouraged.

Defense Industry Benchmark (DIB) Survey

Bi-annually, AR Holdings participates in the DIB, managed by Ethics Resource Center (ERC). The DIB survey acts as a basic ethical barometer and allows us to measure specific facets of our ethical culture, leadership, and engagement against other comparable companies in the aerospace industry.

[19] Supplier Code of Conduct

Accessed 17/06/2019

<https://www.rocket.com/sites/default/files/documents/SupplierNet/AR%20Supplier%20Code%20of%20Conduct.pdf>

[p.3] We expect our suppliers to provide their employees with avenues for raising legal or ethical issues or concerns without fear of retaliation. We expect our suppliers to take action to prevent, detect, and correct any retaliatory actions.

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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>There is evidence that the company provides multiple channels for its employees to report instances of suspected corrupt activity and seek advice on its anti-bribery and corruption programme. The company indicates that these channels are sufficiently varied to allow the employee to raise concerns across the management chain and to an external helpline managed by a third party. These channels allow for confidential and, wherever possible, anonymous reporting. They are available and accessible in English to all employees in the United States, where the company operates, and is also accessible to third parties employed by the group.</p>
Evidence
<p>[11] Ethics (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/ethics AR Holdings promotes a "speak up" culture. We depend on everyone to speak up if they see something that isn't "right" or if they experience something of concern. To protect our reputation, there must be a willingness to raise and openly discuss our concerns.</p> <p>AR Holdings has a zero-tolerance policy when it comes to retaliation. Period. Be assured that we will investigate any instance where someone who raises a concern in good faith may have experienced mistreatment, retaliation, or retribution for speaking up.</p> <p>While the Code is designed to address ethical and legal issues of various scopes, there may be instances where you have a question regarding a certain situation. If that occurs, you should contact the Ethics & Compliance Department at ethics@rocket.com, submit an online Ethics, Compliance, & Safety Online Inquiry/Reporting Form (anonymous option), or call the Ethics, Compliance & Safety Helpline at 855-346-5043 (anonymous option).</p> <p>[14] Ethics – reporting & resolution (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/reporting-resolution We aim to create an environment where people feel confident to speak up when something just doesn't "feel right."</p> <p>We encourage employees to ask questions or to report suspected violations of law, regulations, or company policy to their manager or to the Ethics & Compliance, Human Resources, Legal, or indicated department (i.e., SH&E, Quality).</p> <p>Employees, customers, and suppliers may use our confidential Helpline that is managed by a third party provider and can be accessed via an online submittal form found on the Internet and intranet, or by calling 855-346-5043. Although we encourage employees to identify themselves, there is the option to remain anonymous if desired.</p> <p>We take allegations of unethical behavior very seriously and promptly review and investigate reported concerns. By doing so, we promote a culture of compliance and ongoing adherence to laws, regulations, and company policy, complete with enforcement and discipline as appropriate.</p> <p>[3] Code of Conduct Accessed 21/12/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf [p.1] Each director, officer, principal, employee, contractor, consultant and agent of Aerojet Rocketdyne and its subsidiaries — anyone acting on our behalf — must conduct themselves ethically and adhere to the governing laws and regulations wherever we do business.</p> <p>[p.28] Aerojet Rocketdyne requires all employees to perform their duties in compliance with our Code of Conduct and policies as well as applicable laws and regulations. We follow both the letter and the spirit of the laws and</p>

regulations that govern our business. All directors, officers, principals, employees, contractors, consultants and agents of Aerojet Rocketdyne have an obligation to immediately report any situation which appears to involve suspected illegal or improper activities, be in violation of law or regulation, or be contrary to the Aerojet Rocketdyne Code of Conduct, or Aerojet Rocketdyne policies. Such reports must be made to the employee's supervisor, an Ethics Officer, the senior director of Ethics & Compliance, or an Aerojet Rocketdyne attorney. Reports may also be raised to the Ethics, Compliance & Safety Helpline by calling (855) 346-5043 or by using the on-line reporting tool located on the Aerojet Rocketdyne intranet home page, and on the Aerojet Rocketdyne external website which allows for anonymous reporting.

[p.29] If anyone suspects that the actions or activities of other directors, officers, principals, employees, contractors, consultants, and agents of Aerojet Rocketdyne or anyone acting on behalf of Aerojet Rocketdyne may be contrary to the Code of Conduct, they have an obligation, not an option, to report their concerns. Failure to report observed or suspected ethics and conduct issues as required by the Code of Conduct will result in appropriate disciplinary action, up to and including termination.

The confidentiality of employees making a report will be protected, to the extent permitted, consistent with existing laws, regulations, requirements of the government, and the best interests of Aerojet Rocketdyne.

[p.32] Ethics Champions are individuals within a business unit, functional organization or site who are selected by their leadership to help foster ethics and compliance awareness. The Ethics Champion is expected to be approachable, accessible, available, and able to help an individual wrestling with a dilemma or "grey area." When faced with a dilemma, employees are encouraged to "speak up" by talking with leadership, an Ethics Champion, or any representative from Human Resources, Legal, Safety, Health and Environment or E&C. A list of the Business Unit and Center of Excellence Ethics Champion is on the E&C intranet site.

[p.33] 3. Who do I talk to if I think I have experienced or know of a violation of law, regulations, company policy and directives, contract, safety, or ethics?

If possible, try to address the issue first with a supervisor or manager. If that is not possible, employees are uncomfortable going that route, or the manager was unable to assist in fully resolving the issue, please feel free to contact the Legal Department, Human Resources or the E&C department at ethics@rocket.com or by phone 916-351-8583. Employees can find a list of contact names on the E&C Contact Us intranet page. The easiest way for us to resolve a concern is to talk to employees and get all of the needed information. If employees would like to remain anonymous, please contact our third-party Ethics, Compliance & Safety Helpline at 855-346-5043.

4. Can I remain anonymous if I make a claim or inquiry?

Yes! If employees wish to remain anonymous there are two avenues to can pursue. One is to call the helpline at 855-346-5043; the other is to fill out the online Ethics Submittal Form on the Aerojet Rocketdyne website. Employees will be given a choice on whether they want to give their name or remain anonymous.

5. How can I follow up on my ethics concerns or questions?

If employees have previously referred an ethics concern or question to the Legal or E&C departments, feel free to contact them directly. If employees left a message on the helpline or website please refer to the tracking number provided. Employees should always feel free to contact any member of the E&C team directly.

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>There is evidence that the company has a clear conflict of interest policy which refers to actual, potential and perceived forms of conflict. The company's policy covers employee relationships, government relationships, financial interests and other employment and applies to all employees and board members, as well as the company's subsidiaries and anyone acting on the company's behalf.</p>
Evidence
<p>[3] Code of Conduct Accessed 21/12/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf [p.1] Each director, officer, principal, employee, contractor, consultant and agent of Aerojet Rocketdyne and its subsidiaries — anyone acting on our behalf — must conduct themselves ethically and adhere to the governing laws and regulations wherever we do business.</p> <p>[p.12] CONFLICT OF INTEREST</p> <p>The Heart:</p> <p>Aerojet Rocketdyne employees may engage in activities outside of the company which do not conflict, appear to conflict with, or impair performance of their company duties. Aerojet Rocketdyne employees must ensure that all business decisions made on behalf of the company are based on sound company business principles and not on private interests which could influence, or appear to influence, objective decisions.</p> <p>Employees and their family members should not have a direct or indirect financial interest in customers or competitors of the company or in organizations that provide goods and services to the company. Arms-length modest investments in publicly traded stocks of those companies are permitted.</p> <p>Approval must be obtained from the senior director of Ethics & Compliance in consultation with the Legal and Human Resources departments before establishing any relationship, including employment, consulting, or accepting a position as a board member or company officer, with any supplier, competitor, customer or potential customer.</p> <p>All potential and actual conflicts of interest or material transactions or relationships that reasonably could be expected to give rise to such a conflict must be communicated to the Ethics & Compliance department or the Legal department.</p> <p>Employees are encouraged to avoid engaging in personal relationships that could inappropriately influence any decisions or actions.</p> <p>The Soul:</p> <p>Personal Relationships</p> <p>Directors, officers, principals, employees, contractors, consultants and agents of Aerojet Rocketdyne must avoid situations and conduct that might compromise their independence, impair their judgment, create the impression of bias or exploit their position within the company.</p> <p>Family and romantic relationships within a supervisory chain or reporting hierarchy (directly or indirectly) are prohibited, as is employment of people with close personal relationships at work within areas where either party</p>

would have access to confidential company information pertaining to the other. The Conflict of Interest policy exists to avoid abuse of authority and position, and to alleviate the impression of bias and/or favoritism.

[p.13] Financial Interests

- Directors, officers, principals, employees, contractors, consultants and agents of Aerojet Rocketdyne should not have, either directly or indirectly through relatives or otherwise, a financial or stock ownership interest in the company's suppliers, customers or competitors which has the potential of being in conflict with the best interests of the company.
- Any current or proposed financial interest that might violate the Conflict of Interest policy must be disclosed to and approved by the senior director of Ethics & Compliance or the Legal department as not to be in conflict with the best interests of Aerojet Rocketdyne.
- Service to other organizations
- No one should be employed by or render service to another company or organization as a director, officer, employee or consultant except with the approval of the senior director of Ethics & Compliance in consultation with the Legal and Human Resources departments.

An Aerojet Rocketdyne director's employment by or service to another company or organization as a director, officer, employee, consultant or otherwise must be disclosed to Aerojet Rocketdyne when it could impair the director's ability to objectively reach determinations solely in the best interests of Aerojet Rocketdyne and its shareholders.

What does Conflict of Interest mean? Conflict of Interest (COI) refers to situations in which competing interests may impair our ability to make objective and unbiased business decisions on behalf of the company.

[p.22] Employment discussions with government & third party personnel

The Heart:

Any discussion or contacts with current or former government employees for the purpose of exploring potential employment or consulting opportunities with Aerojet Rocketdyne are subject to very strict conflict of interest laws and regulations. Also, once hired or retained, these individuals may be prohibited from certain tasks and duties that relate to their prior responsibilities.

[...]

The laws and regulations regarding the recruiting and hiring of current and former government employees and military personnel or their close family members are complex and subject to frequent change. Violation of these rules may subject the potential employee, Aerojet Rocketdyne employee, and the company to severe civil, criminal and administrative penalties.

Before any formal, informal or even casual discussions with current government employees or military members about employment, possible employment, or current job openings at Aerojet Rocketdyne must be formally vetted in writing and receive the required approvals from Legal and Human Resources

[4] Corporate governance guidelines (Document)

Accessed 17/06/2019

<https://ir.aerogetrocketdyne.com/static-files/290768b8-addd-49cf-9990-ae7813275acb>

[p.6] The Board expects Company directors, officers and employees to act ethically at all times. To that end, directors, officers and employees are subject to the Code of Conduct posted on the Company website, including with respect to the resolution of conflicts of interest.

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

There is evidence that the company has procedures to identify, declare and manage conflicts of interest, including actual, potential and perceived conflicts. The company indicates that employees must provide information on conflicts to the legal and ethics and compliance departments. Although not specific to conflicts of interest alone, the company indicates that any violation of the Code of Conduct may result in disciplinary action, up to and including termination of employment.

However, it is not clear based on publicly available information whether employees and board members are required to make conflict of interest declarations and whether these are held in a central register or database. The company also does not provide examples of possible criteria for recusals.

Evidence

[3] Code of Conduct

Accessed 21/12/2019

<http://www.aerocketrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf>

[p.12] CONFLICT OF INTEREST

The Heart:

Aerojet Rocketdyne employees may engage in activities outside of the company which do not conflict, appear to conflict with, or impair performance of their company duties. Aerojet Rocketdyne employees must ensure that all business decisions made on behalf of the company are based on sound company business principles and not on private interests which could influence, or appear to influence, objective decisions.

Employees and their family members should not have a direct or indirect financial interest in customers or competitors of the company or in organizations that provide goods and services to the company. Arms-length modest investments in publicly traded stocks of those companies are permitted.

Approval must be obtained from the senior director of Ethics & Compliance in consultation with the Legal and Human Resources departments before establishing any relationship, including employment, consulting, or accepting a position as a board member or company officer, with any supplier, competitor, customer or potential customer.

All potential and actual conflicts of interest or material transactions or relationships that reasonably could be expected to give rise to such a conflict must be communicated to the Ethics & Compliance department or the Legal department.

Employees are encouraged to avoid engaging in personal relationships that could inappropriately influence any decisions or actions.

The Soul:

Personal Relationships

Directors, officers, principals, employees, contractors, consultants and agents of Aerojet Rocketdyne must avoid situations and conduct that might compromise their independence, impair their judgment, create the impression of bias or exploit their position within the company.

Family and romantic relationships within a supervisory chain or reporting hierarchy (directly or indirectly) are prohibited, as is employment of people with close personal relationships at work within areas where either party would have access to confidential company information pertaining to the other. The Conflict of Interest policy exists to avoid abuse of authority and position, and to alleviate the impression of bias and/or favoritism.

[p.13] Financial Interests

- Directors, officers, principals, employees, contractors, consultants and agents of Aerojet Rocketdyne should not have, either directly or indirectly through relatives or otherwise, a financial or stock ownership interest in the company's suppliers, customers or competitors which has the potential of being in conflict with the best interests of the company.
- Any current or proposed financial interest that might violate the Conflict of Interest policy must be disclosed to and approved by the senior director of Ethics & Compliance or the Legal department as not to be in conflict with the best interests of Aerojet Rocketdyne.

Service to other organizations

- No one should be employed by or render service to another company or organization as a director, officer, employee or consultant except with the approval of the senior director of Ethics & Compliance in consultation with the Legal and Human Resources departments.
- An Aerojet Rocketdyne director's employment by or service to another company or organization as a director, officer, employee, consultant or otherwise must be disclosed to Aerojet Rocketdyne when it could impair the director's ability to objectively reach determinations solely in the best interests of Aerojet Rocketdyne and its shareholders.

What does Conflict of Interest mean? Conflict of Interest (COI) refers to situations in which competing interests may impair our ability to make objective and unbiased business decisions on behalf of the company.

[p.22] Employment discussions with government & third party personnel

The Heart:

Any discussion or contacts with current or former government employees for the purpose of exploring potential employment or consulting opportunities with Aerojet Rocketdyne are subject to very strict conflict of interest laws and regulations. Also, once hired or retained, these individuals may be prohibited from certain tasks and duties that relate to their prior responsibilities.

[p.22] The laws and regulations regarding the recruiting and hiring of current and former government employees and military personnel or their close family members are complex and subject to frequent change. Violation of these rules may subject the potential employee, Aerojet Rocketdyne employee, and the company to severe civil, criminal and administrative penalties.

Before any formal, informal or even casual discussions with current government employees or military members about employment, possible employment, or current job openings at Aerojet Rocketdyne must be formally vetted in writing and receive the required approvals from Legal and Human Resources.

[p.28] Compliance and reporting

Violations of the Code of Conduct are subject to appropriate review and investigation, as needed, and may result in disciplinary action if substantiated, up to and including termination of employment. Such discipline will be more severe for employees in a position of responsibility who knew, or reasonably should have known, that their actions or activities were contrary to the Code of Conduct.

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
1
Comments
<p>There is evidence that the company highlights the risk around employing current or former government employees or military personnel. The company's policy stipulates that such individuals must be vetted by legal and human resources before the initiation of any employment discussions. Once hired or retained, the company indicates that those individuals may have their activities restricted which relate to their former employment.</p> <p>However, based on publicly available information, it is unclear whether sign-off is required from a senior compliance officer or individual of equivalent seniority. The company also does not state whether it applies a cooling-off period of at least 12 months before individuals can have any form of contact or relationship with their former organisation on the company's behalf.</p>
Evidence
<p>[3] Code of Conduct (Document) Accessed 21/12/2019 http://www.aerofetrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf [p.22] Employment discussions with government & third party personnel</p> <p>The Heart:</p> <p>Any discussion or contacts with current or former government employees for the purpose of exploring potential employment or consulting opportunities with Aerojet Rocketdyne are subject to very strict conflict of interest laws and regulations. Also, once hired or retained, these individuals may be prohibited from certain tasks and duties that relate to their prior responsibilities.</p> <p>In addition to government employees, the company shall not hire in the capacity of chief executive officer, controller, chief financial controller, chief accounting officer or an equivalent position, any individual who was employed by the company's independent auditor and who participated in any capacity in the audit of the company with one year period prior to the date of hire.</p> <p>The company shall not appoint as its independent auditor any registered public accounting firm with who an individual serving in the capacity of chief executive officer, controller, chief financial officer, chief accounting officer or equivalent position for the company was employed with the one-year period prior to such appointment.</p> <p>The Soul:</p> <p>The laws and regulations regarding the recruiting and hiring of current and former government employees and military personnel or their close family members are complex and subject to frequent change. Violation of these rules may subject the potential employee, Aerojet Rocketdyne employee, and the company to severe civil, criminal and administrative penalties.</p> <p>Before any formal, informal or even casual discussions with current government employees or military members about employment, possible employment, or current job openings at Aerojet Rocketdyne must be formally vetted in writing and receive the required approvals from Legal and Human Resources.</p>

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no evidence that the company publishes details of the contracted services of serving politicians.
Evidence
No evidence found.

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
0
Comments
<p>Based on publicly available information, there is evidence that the company has a policy on corporate political donations. The company indicates that political donations, whether made directly or indirectly, are prohibited unless clearly delegated and approved in writing. In cases where donations may be authorised, the company states that they must be approved by its Vice President of Communications. In addition, there is evidence that the company is associated with a Political Action Committee (PAC) in the United States, which is overseen by a committee and board of directors.</p> <p>Since the company does not prohibit political contributions and is associated with a PAC, it receives a score of '0' in line with the scoring criteria.</p>
Evidence
<p>[3] Code of Conduct (Document) Accessed 21/12/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf [p.14] The Heart: Everyone is free to support political parties or candidates of their own choice using their own funds. However, political contributions using Aerojet Rocketdyne funds, either directly or indirectly are prohibited unless they are delegated in explicit writing. In most cases, such unauthorized contributions are illegal, unallowable, and inconsistent with company policy. To assure that political contributions are legal and consistent with company policy, all political contributions on behalf of Aerojet Rocketdyne must be made through the Aerojet Rocketdyne Holdings, Inc. vice president of Communications.</p> <p>The Soul: The company will not reimburse any employee for a political contribution.</p> <p>The Aerojet Rocketdyne Holdings Inc. Political Action Committee is the vehicle by which any federal contributions will be made. Aerojet Rocketdyne Holdings Inc. Political Action Committee is overseen by a board of directors and all Aerojet Rocketdyne Holdings Inc. Political Action Committee contributions must be approved by a contributions committee.</p> <p>In the instances where a political contribution by the company is permitted, the request must be initiated and approved by the appropriate company officers.</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																																																												
0																																																												
Comments																																																												
There is no evidence that the company publishes details of political contributions made on its website.																																																												
Evidence																																																												
<p>[10] Annual report 2018 Accessed 17/06/2019 https://ir.aerofjetrocketdyne.com/static-files/ec2efbbe-4883-46bd-b1f9-c234b30c29ed [p.58]</p> <p>The following table presents the reconciling items between the income tax provision using the U.S. federal statutory rate and the Company's reported income tax provision.</p> <table><tr><th></th><th colspan="3">Year Ended December 31,</th></tr><tr><th></th><th>2018</th><th>2017</th><th>2016</th></tr><tr><th></th><th colspan="3">(In millions)</th></tr><tr><td>Statutory U.S. federal income tax</td><td>\$39.6</td><td>\$30.4</td><td>\$10.2</td></tr><tr><td>State income taxes</td><td>12.1</td><td>7.0</td><td>3.2</td></tr><tr><td>Reserve adjustments</td><td>2.7</td><td>(4.6)</td><td>(0.3)</td></tr><tr><td>Non-deductible convertible subordinated notes interest</td><td>—</td><td>—</td><td>0.8</td></tr><tr><td>R&D credits</td><td>(3.7)</td><td>(1.2)</td><td>(4.1)</td></tr><tr><td>Benefit of manufacturing deductions</td><td>—</td><td>—</td><td>0.5</td></tr><tr><td>Lobbying costs</td><td>0.4</td><td>0.7</td><td>0.8</td></tr><tr><td>Deferred tax adjustment</td><td>(0.6)</td><td>(0.1)</td><td>(0.4)</td></tr><tr><td>Stock compensation excess tax benefits</td><td>(0.4)</td><td>(1.4)</td><td>—</td></tr><tr><td>Other, net</td><td>1.2</td><td>0.7</td><td>0.5</td></tr><tr><td>New legislation — tax rate changes</td><td>—</td><td>64.6</td><td>—</td></tr><tr><td>Income tax provision</td><td><u>\$51.3</u></td><td><u>\$96.1</u></td><td><u>\$11.2</u></td></tr></table>		Year Ended December 31,				2018	2017	2016		(In millions)			Statutory U.S. federal income tax	\$39.6	\$30.4	\$10.2	State income taxes	12.1	7.0	3.2	Reserve adjustments	2.7	(4.6)	(0.3)	Non-deductible convertible subordinated notes interest	—	—	0.8	R&D credits	(3.7)	(1.2)	(4.1)	Benefit of manufacturing deductions	—	—	0.5	Lobbying costs	0.4	0.7	0.8	Deferred tax adjustment	(0.6)	(0.1)	(0.4)	Stock compensation excess tax benefits	(0.4)	(1.4)	—	Other, net	1.2	0.7	0.5	New legislation — tax rate changes	—	64.6	—	Income tax provision	<u>\$51.3</u>	<u>\$96.1</u>	<u>\$11.2</u>
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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
0
Comments
<p>There is evidence that the company has a policy regarding charitable donations to prevent donations being used for undue influence or corrupt intent. However, the company does not have publicly available policy regarding sponsorships; although its foundation states that it does not fund sponsorships, it is not clear whether this is a company-wide policy.</p>
Evidence
<p>[20] Aerojet Rocketdyne Foundation grant guidelines Accessed 17/06/2019 http://www.aerojetrocketdyne.com/sites/default/files/documents/Grant%20Guidelines%20May%202019.pdf [p.1] The Aerojet Rocketdyne Foundation's mission is to support the communities where the company has a business presence. The Foundation's primary giving focus is education, with an emphasis on STEM - Science, Technology, Engineering, Mathematics.</p> <p>Eligibility requirements</p> <p>Grant applicants must be a United States-based public charity with a designation under Section 501(c)(3) of the Internal Revenue Code or a United States-based accredited public or private school.</p> <p>The Aerojet Rocketdyne Foundation targets its contributions to nonprofit organizations and schools located in the communities where Aerojet Rocketdyne has a business presence. These communities currently include: Huntsville, AL; Camden, AR; El Segundo, CA; Los Angeles, CA; Sacramento, CA; Washington, DC; Orlando, FL; West Palm Beach, FL; Stennis, MS; Carlstadt, NJ; Jonesborough, TN; Orange, VA; Redmond, WA.</p> <p>For consideration, grant requests must have a STEM (Science, Technology, Engineering and/or Mathematics) education focus or support military/veteran programs.</p> <p>[p.1] The Aerojet Rocketdyne Foundation does not consider the follow funding requests:</p> <ul style="list-style-type: none"> • Individuals; private foundations; and international, fraternal, social, or labor organizations. • Operating expenses, capital campaigns, or endowments. • Fundraising events, such as raffles, walk-a-thons, banquets or dinners, involving purchase of tables, tickets, • sponsorships or advertisements. • Advertising or underwriting expenses. • Athletic teams or support organizations. • Research grants. • Political parties, candidates, or lobbying activities. <p>[21] Aerojet Rocketdyne Foundation 2018 grant recipients (document) Accessed 17/06/2019 http://www.aerojetrocketdyne.com/sites/default/files/documents/2018_Grant_Recipients.pdf [p.1] AEROSPACE MUSEUM OF CALIFORNIA FOUNDATION AIR FORCE ASSOCIATION ALABAMA A & M UNIVERSITY FOUNDATION ALABAMA SCHOOL OF CYBER AND ENGINEERING AMERICAN ASSOCIATION OF UNIVERSITY WOMEN AMERICAN INSTITUTE OF AERONAUTICS AND ASTRONAUTICS ARKANSAS STEM COALITION ASSOCIATED STUDENTS OF SAN DIEGO STATE UNIVERSITY ASSOCIATED STUDENTS OF SIERRA COLLEGE BEARDEN HIGH SCHOOL</p>

BOONES CREEK ELEMENTARY
 BOY SCOUTS OF AMERICA
 BURRITT MUSEUM ASSOCIATION INC
 CALIFORNIA POLYTECHNIC STATE UNIVERSITY FOUNDATION
 CALIFORNIA STATE UNIVERSITY - NORTHRIDGE FOUNDATION
 CALIFORNIA STATE UNIVERSITY LOS ANGELES FOUNDATION
 CALIFORNIA STATE UNIVERSITY SACRAMENTO
 CAMDEN FAIRVIEW HIGH SCHOOL
 CAMDEN FAIRVIEW SCHOOL DISTRICT
 CANOGA PARK SENIOR HIGH
 CAPITAL AIRSHOW GROUP
 CHALLENGER CENTER FOR SPACE SCIENCE EDUCATION
 CHAMINADE COLLEGE PREPARATORY
 CHARLOTTESVILLE AREA COMMUNITY FOUNDATION
 COLUMBIA MEMORIAL SPACE SCIENCE LEARNING CENTER FOUNDATION
 CONGREGATION BETH EL
 COSUMNES OAKS HIGH SCHOOL WOLFPACK BOOSTERS
 CULPEPER COUNTY PUBLIC SCHOOLS
 CULPEPER ROBOTICS
 DAVID CROCKETT HIGH SCHOOL
 DELISLE ELEMENTARY SCHOOL
 DISABLED AMERICAN VETERANS CHARITABLE SERVICE TRUST

[17] Ethics – anti-corruption and anti-bribery (webpage)

Accessed 17/06/2019

<http://www.aerocketrocketdyne.com/anti-corruption-anti-bribery>

AR Holdings has specifically instituted policies regarding engagement in lobbying activities and protocols for making charitable contributions in order to prevent undue influence or other corrupt intent.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
0
Comments
There is no evidence that the company has a publicly available policy covering responsible lobbying.
Evidence
<p>[17] Ethics – anti-bribery and corruption (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/anti-corruption-anti-bribery AR Holdings has specifically instituted policies regarding engagement in lobbying activities and protocols for making charitable contributions in order to prevent undue influence or other corrupt intent.</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
There is no evidence that the company publishes any information on its website regarding its lobbying aims, topics or activities.
Evidence
No evidence identified.

Question																																																												
5.2.3 Does the company publish full details of its global lobbying expenditure?																																																												
Score																																																												
1																																																												
Comments																																																												
<p>There is evidence that the company provides some details on its lobbying expenditure. The company publishes a high-level figure on its lobbying costs as part of its Annual Report, which appears to indicate that the company did not incur any such costs in the most recently reported financial year.</p> <p>However, the company does not publish further information to explain how this figure was calculated and there is no evidence that the company provides a breakdown of these costs by corporate entity, geography, or internal lobbyists versus external lobbyists versus association lobbying. There is also no publicly available evidence to confirm that the company has not engaged in any lobbying activities in the most recently reported financial year, either directly or indirectly, in any jurisdictions.</p>																																																												
Evidence																																																												
<p>[10] Annual report 2018 Accessed 17/06/2019 https://ir.aerofjetrocketdyne.com/static-files/ec2efbbe-4883-46bd-b1f9-c234b30c29ed [p.58]</p> <p>The following table presents the reconciling items between the income tax provision using the U.S. federal statutory rate and the Company's reported income tax provision.</p> <table><tr><th></th><th colspan="3">Year Ended December 31,</th></tr><tr><th></th><th>2018</th><th>2017</th><th>2016</th></tr><tr><th></th><th colspan="3">(In millions)</th></tr><tr><td>Statutory U.S. federal income tax</td><td>\$39.6</td><td>\$30.4</td><td>\$10.2</td></tr><tr><td>State income taxes</td><td>12.1</td><td>7.0</td><td>3.2</td></tr><tr><td>Reserve adjustments</td><td>2.7</td><td>(4.6)</td><td>(0.3)</td></tr><tr><td>Non-deductible convertible subordinated notes interest</td><td>—</td><td>—</td><td>0.8</td></tr><tr><td>R&D credits</td><td>(3.7)</td><td>(1.2)</td><td>(4.1)</td></tr><tr><td>Benefit of manufacturing deductions</td><td>—</td><td>—</td><td>0.5</td></tr><tr><td>Lobbying costs</td><td>0.4</td><td>0.7</td><td>0.8</td></tr><tr><td>Deferred tax adjustment</td><td>(0.6)</td><td>(0.1)</td><td>(0.4)</td></tr><tr><td>Stock compensation excess tax benefits</td><td>(0.4)</td><td>(1.4)</td><td>—</td></tr><tr><td>Other, net</td><td>1.2</td><td>0.7</td><td>0.5</td></tr><tr><td>New legislation — tax rate changes</td><td>—</td><td>64.6</td><td>—</td></tr><tr><td>Income tax provision</td><td><u>\$51.3</u></td><td><u>\$96.1</u></td><td><u>\$11.2</u></td></tr></table>		Year Ended December 31,				2018	2017	2016		(In millions)			Statutory U.S. federal income tax	\$39.6	\$30.4	\$10.2	State income taxes	12.1	7.0	3.2	Reserve adjustments	2.7	(4.6)	(0.3)	Non-deductible convertible subordinated notes interest	—	—	0.8	R&D credits	(3.7)	(1.2)	(4.1)	Benefit of manufacturing deductions	—	—	0.5	Lobbying costs	0.4	0.7	0.8	Deferred tax adjustment	(0.6)	(0.1)	(0.4)	Stock compensation excess tax benefits	(0.4)	(1.4)	—	Other, net	1.2	0.7	0.5	New legislation — tax rate changes	—	64.6	—	Income tax provision	<u>\$51.3</u>	<u>\$96.1</u>	<u>\$11.2</u>
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<p>[3] Code of Conduct Accessed 21/12/2019 http://www.aerofjetrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf [p.9] The U.S. government prohibits registered lobbyists and their employees, which includes all employees of Aerojet Rocketdyne, from providing gifts or entertainment to certain senior executive branch officials. This category includes any person who was appointed by the president or vice president, and confirmed by the U.S. Senate. It also extends to non-career senior executive service members and those appointed to a position excepted from the competitive service. There is no exception for items of low value, widely-attended events, meals in foreign areas, or social invitations.</p>																																																												

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
1
Comments
<p>There is evidence that the company has a policy on gifts and hospitality, which includes financial thresholds and approval processes for different types of gift and promotional expenses. The policy addresses the risks associated with gifts and hospitality given to and/or received from government personnel, by specifying a different financial threshold and requiring that these be approved in advance by ethics and compliance. The policy also includes several examples of potential red flags around the giving and receipt of gifts and hospitality.</p> <p>However, there is no evidence to confirm that gifts and hospitality above a certain threshold are recorded in a dedicated register or central database that is accessible to those responsible for oversight of the process.</p>
Evidence
<p>[3] Code of Conduct Accessed 21/12/2019 http://www.aerjetrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf</p> <p>[p.9] The Heart:</p> <p>Aerojet Rocketdyne recognizes that it is sometimes customary to exchange entertainment, gifts and meals to strengthen business relationships. The appropriateness of such exchanges depends on the circumstances involved and must be carefully considered. Various laws and regulations govern the subject of business entertainment, gifts and meals.</p> <p>Giving or receiving all entertainment, gifts or meals should typically follow these guidelines:</p> <ul style="list-style-type: none"> • The value is nominal, meaning small or low (generally under \$100) • It is for a valid business purpose. It is customary and part of normal business practices • It is infrequent • It is not requested • It imposes no sense of obligation to the giver or recipient • It is not in cash or anything similar to cash (i.e. gift cards) • It would not cast doubt on the integrity of a procurement process or other transaction • It does not violate any law, regulation or policy • It is open and transparent, not hidden or secret <p>[p.9] Government Personnel:</p> <p>With respect to government personnel, government requirements and company policy generally prohibit offering or giving anything of value to a government employee where the value of the item or service exceeds \$20 (or \$50 cumulative value in a calendar year). Limited exceptions to these requirements apply, and must be approved in advance by Ethics & Compliance. Acceptable examples include providing coffee, soft drinks and snacks at a working meeting with customers present on company premises.</p> <p>The U.S. government prohibits registered lobbyists and their employees, which includes all employees of Aerojet Rocketdyne, from providing gifts or entertainment to certain senior executive branch officials. This category includes any person who was appointed by the president or vice president, and confirmed by the U.S. Senate. It also extends to non-career senior executive service members and those appointed to a position excepted from the competitive service. There is no exception for items of low value, widely-attended events, meals in foreign areas, or social invitations.</p> <p>[p.10] Any gifts, meals or entertainment to such officials will be determined on a case-by- case basis by Ethics & Compliance and Legal departments.</p>

All Other Third Parties:

With respect to offering or giving entertainment, gifts, or meals to all non-government third parties (including customers, suppliers and vendors), we follow the ethics and compliance policies that our customers have adopted for their employees, as well as established practices in the markets we serve. Under no circumstances should entertainment, gifts or meals exceeding \$100 in value be provided to a non-government third party.

With respect to receiving entertainment, gifts or meals from all non-government third parties, we have adopted strict rules regarding what our employees can accept. Generally, unless you have a procurement or financial role, you can receive gifts, meals or entertainment with a value of under \$100.

Aerojet Rocketdyne employees who make decisions in a procurement or financial role (award supplier agreements, approve invoices and request for payment or have approval authority over supplier actions) may not accept any business courtesy from suppliers with the exception of promotional items with a fair market value under \$20. Soliciting anything of value from third parties is always prohibited. Any form of cash, or cash equivalents such as gift cards or expense-paid travel are strictly prohibited.

If an employee has any doubt or seeks an exception whether an item is permissible, they must get guidance from Ethics & Compliance. Exceptions may be considered and approved by the Ethics & Compliance office. All exceptions must be evidenced in writing and submitted to the Ethics & Compliance office.

[p.11] The Soul:

Remember to:

1. Never offer or provide entertainment, gifts, meals, or anything else of value to or from a third party when doing so would violate the law, regulation, the third party's ethics and compliance policy or Aerojet Rocketdyne's policy.
2. Never solicit entertainment, gifts, meals, or anything else of value from any third party, such as a customer, supplier or vendor.
3. Never accept entertainment, gifts or meals from a third party that would violate local law, regulation, or create the appearance of impropriety.
4. Always exchange entertainment, meals or gifts openly and with transparency.

If in doubt about the specific rules that apply in a given situation, company employees should ask their manager, an Ethics & Compliance officer, the Ethics & Compliance office or the Legal department for assistance.

[p.34] 7. Is it ok to accept small gifts or gifts of food from a vendor or supplier?

Small gifts of minimal value such as t-shirts, coffee-mugs, pens, etc., are acceptable. Coffee or soft drinks during a meeting, basic meals and small food gifts from third parties such as candy, cookies, gift baskets, etc., are acceptable when shared with other employees. If employees receive a gift that does not meet this simple guideline, or appears to be extravagant in nature, employees should politely decline the offer/gift, return it to the giver, or report it to a representative of E&C or Legal for guidance.

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
1
Comments
<p>There is evidence that the company's procurement department is involved in the establishment and oversight of supplier relationships. However, it is not clear from publicly available information that this is the main body responsible for oversight of the company's entire supply base, nor is there evidence that the company assures itself of the procurement department's involvement at least every three years.</p>
Evidence
<p>[25] Supplier development (webpage) Accessed 21/12/2019 https://www.rocket.com/suppliernet/supplier-development In support of Aerojet Rocketdyne's initiative a Supplier Development organization was created to engage with Aerojet Rocketdyne's critical suppliers to create partnerships in process improvement staffed with Affordability Analysts.</p> <p>[...]</p> <p>Additional services that Supplier Development provides include: Supplier Selection through Supplier Management Teams</p> <p>[3] Code of Conduct Accessed 21/12/2019 http://www.aerjetrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf [p.20] Procurement integrity, fair dealings & anti-trust</p> <p>[...]</p> <p>The Heart:</p> <p>Aerojet Rocketdyne's ability to compete for business depends on the integrity of our procurement and contracting processes. Everyone is expected to deal fairly with customers, suppliers, competitors and one another. Proposals, bids, negotiations, contract performance and supplier evaluations must be based on fair and open "arms-length" transactions, free from any improper influence.</p> <p>Purchasing decisions and decisions to place any supplier on any bidding list must be based on established criteria such as price, quality, service, financial responsibility and the maintenance of adequate and reliable sources of supplies. Purchasing and supplier bidding list decisions based on a requirement that a supplier must buy or use goods or services sold by other divisions or units of Aerojet Rocketdyne are strictly forbidden.</p>

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
0
Comments
There is no publicly available evidence that the company has procedures in place to conduct anti-bribery and corruption due diligence on its suppliers.
Evidence
<p>[17] Ethics – anti-corruption and anti-bribery (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/anti-corruption-anti-bribery Additionally, the company maintains access to services to conduct due diligence that minimizes corruption risk when selecting or reappointing agents.</p> <p>[9] Anti-corruption message from CEO Accessed 17/06/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/EileenDrake_Anticorruption.pdf [p.1] We have published a comprehensive anti-corruption policy which provides the foundation for our program. The program incorporates the integration of key compliance policies, such as due diligence related to the retention of international representatives and consultants, and transparency in financial dealings and records retention. Together with periodic and targeted training, we elevate our ongoing awareness and ensure our employees remain knowledgeable and vigilant about the requirements and risks related to global anti-corruption laws such as the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act (UKBA).</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
1
Comments
<p>The company's Supplier Code of Conduct requires that its suppliers abide by anti-corruption laws and asks them to align their values and ethics to its own. In addition, it prohibits suppliers from making facilitation payments, using gifts and hospitality to gain an unfair competitive advantage, or provide 'any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons'.</p> <p>However, it is not clear from publicly available information whether the company seeks to achieve this by requiring suppliers to develop their own policies or to abide by its Code of Conduct. There is also no public evidence regarding how the company ensures itself of its suppliers' anti-bribery and anti-corruption policies in practice, or whether it does so when onboarding suppliers and/or whenever there is a significant change in the relationship.</p>
Evidence
<p>[19] Supplier Code of Conduct Accessed 21/12/2019 http://www.rocket.com/sites/default/files/documents/SupplierNet/AR%20Supplier%20Code%20of%20Conduct.pdf [p.1] At Aerojet Rocketdyne we are committed to the highest standards of ethics and business conduct. That commitment is reflected in our Values that guide us in our daily operations and business relationships: Accountability, Adaptability, Integrity, Excellence and Teamwork. The Supplier Code of Conduct sets forth the expectations we hold for every third party who works on our behalf and reflects the standards we set for our own employees. Suppliers are important to our success so we ask them to align their values and ethics with our own. Suppliers shall ensure staff is aware of the importance of ethical behavior and their contribution to product safety and conformance to contractual requirements.</p> <p>[p.1] Anti-Corruption</p> <p>We expect anyone conducting business on our behalf, including suppliers, from offering, making, or providing any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons. We strictly prohibit facilitating payments intended to expedite or secure performance of a routine government action like obtaining a visa or customs clearance, even in locations where such activity may not violate local law. We expect our suppliers to comply with the anti-corruption laws, directives and regulations that govern operations in the countries in which they do business, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.</p> <p>Gifts/Business Courtesies</p> <p>We expect our Suppliers to compete on the merits of their products and services and not to use the exchange of business gifts, meals or entertainment to gain an unfair competitive advantage. Our employees who are in any way involved in procurement decisions are subject to strict limitations and may not accept any business courtesy from a supplier with the exception of promotional items. In any business relationship, our supplier must 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>

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
0
Comments
There is no publicly available evidence that the company takes steps to ensure that anti-bribery and corruption standards are cascaded through its supply chain.
Evidence
No evidence found.

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 the associated 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
0
Comments
There is no publicly available evidence that the company has a policy on the use of agents or its approach to managing the corruption risks associated with them, such as by establishing and verifying that the use of agents is necessary to perform a legitimate business function.
Evidence
<p>[3] Code of Conduct (Document) Accessed 21/12/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf Directors, officers, principals, employees, contractors, consultants and agents of Aerojet Rocketdyne, and its subsidiaries (collectively, the "company") must adhere to appropriate legal and ethical practices. The conduct of everyone who performs work on behalf of, or with Aerojet Rocketdyne, must not only be within the limits of the law, but must go beyond strict legal compliance to avoid any improper action that could discredit the company.</p> <p>[17] Ethics – anti-corruption and anti-bribery (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/anti-corruption-anti-bribery Additionally, the company maintains access to services to conduct due diligence that minimizes corruption risk when selecting or reappointing agents.</p> <p>[9] Anti-corruption message from CEO Accessed 17/06/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/EileenDrake_Anticorruption.pdf [p.1] We have published a comprehensive anti-corruption policy which provides the foundation for our program. The program incorporates the integration of key compliance policies, such as due diligence related to the retention of international representatives and consultants, and transparency in financial dealings and records retention.</p>

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
1
Comments
<p>The company states that it conducts due diligence when selecting or reappointing agents to minimise corruption risk. However, the company does not provide any further publicly available on the company's due diligence procedure, such as the scope of due diligence, the frequency at which it is undertaken and refreshed, nor whether the company undertakes enhanced due diligence for higher risk agents.</p>
Evidence
<p>[17] Ethics – anti-corruption and anti-bribery (webpage) Accessed 17/06/2019 http://www.aerocketrocketdyne.com/anti-corruption-anti-bribery Additionally, the company maintains access to services to conduct due diligence that minimizes corruption risk when selecting or reappointing agents.</p> <p>[9] Anti-corruption message from CEO Accessed 17/06/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/EileenDrake_Anticorruption.pdf [p.1] We have published a comprehensive anti-corruption policy which provides the foundation for our program. The program incorporates the integration of key compliance policies, such as due diligence related to the retention of international representatives and consultants, and transparency in financial dealings and records retention.</p>

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
0
Comments
There is no publicly available evidence that the company aims to establish the ultimate beneficial ownership of agents and intermediaries.
Evidence
No evidence found.

Question
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?
Score
0
Comments
There is evidence that the company's Code of Conduct applies to all agents and intermediaries acting for or on behalf of the company. However, there is no publicly available evidence about whether the company's contracts with agents and intermediaries include anti-bribery and corruption clauses.
Evidence
<p>[3] Code of Conduct (Document) Accessed 21/12/2019 http://www.aerocketrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf Directors, officers, principals, employees, contractors, consultants and agents of Aerojet Rocketdyne, and its subsidiaries (collectively, the "company") must adhere to appropriate legal and ethical practices. The conduct of everyone who performs work on behalf of, or with Aerojet Rocketdyne, must not only be within the limits of the law, but must go beyond strict legal compliance to avoid any improper action that could discredit the company.</p>

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
0
Comments
There is no publicly available evidence to suggest that the company recognises incentive structures as a risk factor in agent behaviour, or that its incentive structures have been designed to minimise risks of bribery and corruption.
Evidence
No evidence found.

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the agents currently contracted to act for or on its behalf.
Evidence
No evidence found.

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 the associated disciplinary actions involving 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
0
Comments
Based on publicly available information, there is no evidence that the company conducts anti-bribery and corruption due diligence on its joint ventures.
Evidence
No evidence found.

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture relationships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
0
Comments
Based on publicly available information, there is no evidence that the company commits to incorporating anti-bribery and corruption policies and procedures in all of its joint venture relationships.
Evidence
No evidence found.

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
Based on publicly available information, there is no evidence that the company commits to taking an active role in preventing bribery and corruption in all of its joint venture relationships.
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
0
Comments
There is no evidence that the corruption risks associated with offset contracting are addressed or that there is a dedicated body, department or team responsible for monitoring the company's offset activities.
Evidence
No evidence found.

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
0
Comments
There is no evidence that the company has procedures in place to conduct anti-bribery and corruption due diligence on its offset obligations.
Evidence
No evidence found.

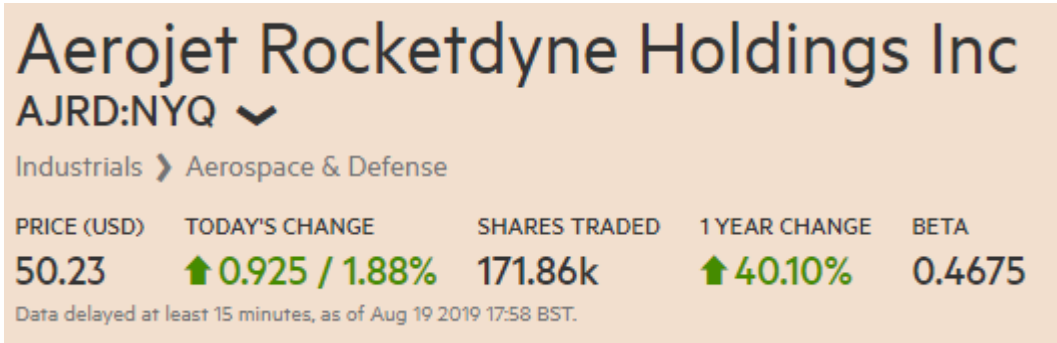
Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the offset agents, brokers or consultancy firms currently contracted to act with and/or on its behalf.
Evidence
No evidence found.

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
0
Comments
There is no evidence that the company publishes any details of its offset obligations or contracts.
Evidence
No evidence found.

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
0
Comments
There is no evidence that the company acknowledges the corruption risks of operating in different markets, nor that risk assessment procedures are used to inform the company's operations in any higher risk markets.
Evidence
No evidence found.

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>There is evidence that the company publishes a list of fully consolidated subsidiaries and non-consolidated holdings, which includes the countries of incorporation of these entities and the percentage of ownership.</p> <p>However, the company receives a score of '1' because there is no evidence that the company publishes the country or countries of operation for each entity. In addition, there is evidence to suggest that this list only shows majority owned subsidiaries; it is therefore not clear that this list includes all of the company's affiliated companies, including all non-fully consolidated holdings.</p>																																								
Evidence																																								
<p>[22] Form 10-K 2018 (Document) Accessed 17/06/2019 https://ir.aerocketrocketdyne.com/static-files/fd59da33-9fe2-4881-8545-dff51e5bd762 [p.102, Exhibit 21.1]</p>																																								
<div>Exhibit 21.1</div> <div><p style="text-align: center;">Aerojet Rocketdyne Holdings, Inc. 100% Owned Subsidiaries*</p><table><tr><th><u>Name of Entity</u></th><th><u>State of Incorporation</u></th></tr><tr><td>Aerojet Rocketdyne, Inc.</td><td>Ohio</td></tr><tr><td>Aerojet International, Inc.</td><td>California</td></tr><tr><td>Aerojet Ordnance Tennessee, Inc.</td><td>Tennessee</td></tr><tr><td>Aerojet Rocketdyne Coleman Aerospace, Inc.</td><td>Delaware</td></tr><tr><td>Aerojet Rocketdyne of DE, Inc.</td><td>Delaware</td></tr><tr><td>Arde, Inc.</td><td>New Jersey</td></tr><tr><td>Arde-Barinco, Inc.</td><td>New Jersey</td></tr><tr><td>BPOU LLC*</td><td>Delaware</td></tr><tr><td>Chemical Construction Corporation</td><td>Delaware</td></tr><tr><td>Cordova Chemical Company</td><td>California</td></tr><tr><td>Cordova Chemical Company of Michigan</td><td>Michigan</td></tr><tr><td>Easton Development Company, LLC (5% owned by Aerojet Rocketdyne, Inc.)</td><td>California</td></tr><tr><td>GT & MC, Inc.</td><td>Delaware</td></tr><tr><td>TKD, Inc.</td><td>California</td></tr><tr><td>Easton Development Company, LLC (95% owned by Aerojet Rocketdyne Holdings, Inc.)</td><td>California</td></tr><tr><td>Novadyne Energy Systems LLC</td><td>Delaware</td></tr><tr><td>GDX Automotive SAS</td><td>France</td></tr><tr><td>GDX LLC</td><td>Delaware</td></tr><tr><td>RKO General, Inc.</td><td>Delaware</td></tr></table></div> <div><p>* All subsidiaries are 100% owned by the Company except for BPOU LLC. Aerojet Rocketdyne, Inc owns 68% of BPOU LLC.</p></div>	<u>Name of Entity</u>	<u>State of Incorporation</u>	Aerojet Rocketdyne, Inc.	Ohio	Aerojet International, Inc.	California	Aerojet Ordnance Tennessee, Inc.	Tennessee	Aerojet Rocketdyne Coleman Aerospace, Inc.	Delaware	Aerojet Rocketdyne of DE, Inc.	Delaware	Arde, Inc.	New Jersey	Arde-Barinco, Inc.	New Jersey	BPOU LLC*	Delaware	Chemical Construction Corporation	Delaware	Cordova Chemical Company	California	Cordova Chemical Company of Michigan	Michigan	Easton Development Company, LLC (5% owned by Aerojet Rocketdyne, Inc.)	California	GT & MC, Inc.	Delaware	TKD, Inc.	California	Easton Development Company, LLC (95% owned by Aerojet Rocketdyne Holdings, Inc.)	California	Novadyne Energy Systems LLC	Delaware	GDX Automotive SAS	France	GDX LLC	Delaware	RKO General, Inc.	Delaware
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Arde, Inc.	New Jersey																																							
Arde-Barinco, Inc.	New Jersey																																							
BPOU LLC*	Delaware																																							
Chemical Construction Corporation	Delaware																																							
Cordova Chemical Company	California																																							
Cordova Chemical Company of Michigan	Michigan																																							
Easton Development Company, LLC (5% owned by Aerojet Rocketdyne, Inc.)	California																																							
GT & MC, Inc.	Delaware																																							
TKD, Inc.	California																																							
Easton Development Company, LLC (95% owned by Aerojet Rocketdyne Holdings, Inc.)	California																																							
Novadyne Energy Systems LLC	Delaware																																							
GDX Automotive SAS	France																																							
GDX LLC	Delaware																																							
RKO General, Inc.	Delaware																																							

Question
9.3 Does the company disclose its beneficial ownership and control structure?
Score
2
Comments
There is evidence that the company is publicly listed on the New York Stock Exchange (NYSE) and therefore it is not required to disclose further information on its beneficial ownership to receive a score of '2'.
Evidence
<p>[24] Financial Times Market Data – Aerojet Rocketdyne Holdings Inc Accessed 19/08/2019 https://markets.ft.com/data/equities/tearsheet/summary?s=AJRD:NYQ</p>  <p>[22] Form 10-K 2018 (Document) Accessed 17/06/2019 https://ir.aerogetrocketdyne.com/static-files/fd59da33-9fe2-4881-8545-dff51e5bd762/ [p.16] Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</p> <p>As of February 12, 2019, there were 5,820 holders of record of our common stock. Our common stock is listed on the New York Stock Exchange under the trading symbol "AJRD." On February 12, 2019, the last reported sale price of our common stock on the New York Stock Exchange was \$40.28 per share.</p>

Question**9.4 Does the company publish a percentage breakdown of its defence sales by customer?****Score****2****Comments**

There is evidence that the company publishes a breakdown of its sales by customer, to indicate that the United States government accounts for 94% of its total sales. The company provides further information on the end users of its products and services, which include two branches of the U.S. military, NASA and other government departments. This information is published on an annual basis as part of the company's corporate reporting.

Although the company does not distinguish between defence and commercial sales, there is sufficient evidence to indicate that its sales primarily derive from defence sales and therefore the company receives a score of '2'.

Evidence**[22] Form 10-K 2018**

Accessed 17/06/2019

<https://ir.aerogietrocketdyne.com/static-files/fd59da33-9fe2-4881-8545-dff51e5bd762/>

[p.18] Major Customers

The principal end user customers of our products and technology are primarily agencies of the U.S. government. Since a majority of our sales are, directly or indirectly, to the U.S. government, funding for the purchase of our products and services generally follows trends in U.S. aerospace and defense spending. However, individual U.S. government agencies, which include the military services, NASA, the Missile Defense Agency, and the prime contractors that serve these agencies, exercise independent purchasing power within "budget top-line" limits. Therefore, sales to the U.S. government are not regarded as sales to one customer, but rather each contracting agency is viewed as a separate customer.

[p.19]

The following table summarizes net sales to the U.S. government and its agencies, including net sales to significant customers disclosed below:

Year Ended December 31,	Percentage of Net Sales
2018	94%
2017	92%
2016	91%

The following table summarizes net sales by principal end user in 2018:

NASA	25%
U.S. Air Force	18
U.S. Army	15
Missile Defense Agency	24
U.S. Navy	7
Other U.S. government	5
Total U.S. government customers	94
Other customers	6
Total	100%

The following table summarizes the percentages of net sales for significant programs, all of which are included in the U.S. government sales and are comprised of multiple contracts:

	Year Ended December 31,		
	2018	2017	2016
RS-25 program	14%	14%	12%
Standard Missile program	13	9	12
THAAD program	11	9	13

The following table summarizes customers that represented more than 10% of net sales, each of which involves sales of several product lines and programs:

	Year Ended December 31,		
	2018	2017	2016
Lockheed Martin	30%	24%	27%
Raytheon	19	17	20
NASA	18	17	13
ULA	17	22	21

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	Document	Values poster	17/06/2019	http://www.rocketvalues.com/sites/default/files/arvalues/ARValues-Poster-18x24.pdf
02	Webpage	Integrity champion	17/06/2019	http://www.rocketvalues.com/values-champions/integrity-greg
03	Document	Code of Conduct	21/12/2019	https://www.aerocketrocketdyne.com/sites/default/files/documents/CodeConduct070716.pdf
04	Document	Corporate governance guidelines	17/06/2019	https://ir.aerocketrocketdyne.com/static-files/290768b8-addd-49cf-9990-ae7813275acb
05	Document	Audit committee charter	17/06/2019	https://ir.aerocketrocketdyne.com/static-files/fe78171b-0880-4d92-b48e-790140488d81
06	Document	Corporate governance and nominating committee charter	17/06/2019	https://ir.aerocketrocketdyne.com/static-files/d41eb150-6886-43bf-b39b-e4bb25704374
07	Document	Organisation and compensation committee charter	17/06/2019	https://ir.aerocketrocketdyne.com/static-files/340b2c36-83b9-4e74-9f2e-96e8661f1a3c
08	Webpage	EthicsPoint submission portal	17/06/2019	https://secure.ethicspoint.com/domain/en/report_company.asp?clid=28800&override=yes&agreement=no
09	Document	Anti-corruption message from CEO	17/06/2019	http://www.aerocketrocketdyne.com/sites/default/files/documents/EileenDrake_Anticorruption.pdf
10	Document	Annual report 2018	17/06/2019	https://ir.aerocketrocketdyne.com/static-files/ec2efbbe-4883-46bd-b1f9-c234b30c29ed
11	Webpage	Ethics	17/06/2019	http://www.aerocketrocketdyne.com/ethics
12	Webpage	Transparent communication	17/06/2019	http://www.aerocketrocketdyne.com/transparent-communication
13	Webpage	Board oversight	17/06/2019	http://www.aerocketrocketdyne.com/board-oversight
14	Webpage	Reporting resolution	17/06/2019	http://www.aerocketrocketdyne.com/reporting-resolution
15	Webpage	Non-retaliation policy	17/06/2019	http://www.aerocketrocketdyne.com/non-retaliation-policy
16	Webpage	Periodic assessment	17/06/2019	http://www.aerocketrocketdyne.com/periodic-assessments
17	Webpage	Anti-corruption and anti-bribery	17/06/2019	http://www.aerocketrocketdyne.com/anti-corruption-anti-bribery
18	Webpage	Compliance training	17/06/2019	http://www.aerocketrocketdyne.com/compliance-training

19	Document	Supplier Code of Conduct	17/06/2019	https://www.rocket.com/sites/default/files/documents/SupplierNet/AR%20Supplier%20Code%20of%20Conduct.pdf
20	Document	Aerojet Rocketdyne Foundation grant guidelines	17/06/2019	http://www.aerocketrocketdyne.com/sites/default/files/documents/Grant%20Guidelines%20May%202019.pdf
21	Document	Aerojet Rocketdyne Foundation grant recipients	17/06/2019	http://www.aerocketrocketdyne.com/sites/default/files/documents/2018_Grant_Recipients.pdf
22	Document	Form 10-K 2018	17/06/2019	https://ir.aerocketrocketdyne.com/static-files/fd59da33-9fe2-4881-8545-dff51e5bd762
23	Webpage	Open Ownership screenshot	23/06/2019	https://register.openownership.org/search?utf8=%E2%9C%93&q=aerojet
24	Webpage	Financial Times Market Data – Aerojet Rocketdyne	19/08/2019	https://markets.ft.com/data/equities/tearsheet/summary?s=AJRD:NYQ
25	Webpage	Supplier development	21/12/2019	https://www.rocket.com/suppliernet/supplier-development