

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

FINAL ASSESSMENT

NEXTER GROUP

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	4/8
2. Internal Controls	6	3/12
3. Support to Employees	7	4/14
4. Conflict of Interest	4	2/8
5. Customer Engagement	6	6/12
6. Supply Chain Management	5	3/10
7. Agents, Intermediaries and Joint Ventures	10	5/20
8. Offsets	4	1/8
9. High Risk Markets	4	2/8
10. State-Owned Enterprises	5	0/10
TOTAL		30/110
BAND		E

*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
1
Comments
<p>In its Ethics Charter, the company has a publicly stated commitment to 'integrity' and 'high ethical standards' which is authorised and endorsed by the company's leadership.</p> <p>However, the statement does not explicitly refer to anti-bribery and corruption.</p>
Evidence
<p>[7] KNDS Ethics Charter Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf [p.5] DEAR EMPLOYEES AND COLLEAGUES</p> <p>At KNDS we take pride in uniting the best of French and German land defense systems companies into a Group that is a force to be reckoned with now and in the decades to come. Our strength is rooted in centuries of excellence both at Nexter and KMW. We are determined to combine these into a joint future based on integrity, respect, quality and the courage to stand up for our values and beliefs.</p> <p>While business performance is key to our success, the integrity of our business conduct is essential. As we progress with the ongoing integration process within the KNDS Group, we hereby present to you the KNDS Ethics Charter. As you will read in the document, the Charter supplements the local laws and rules applicable within the company and country you are active in.</p> <p>This KNDS Ethics Charter provides guidance on the ethics and values shared by all members of the KNDS Group and helps in situations where decisions need to be taken or conflicts must be avoided. We will ensure that everyone within the KNDS Group will be given the means to fully understand the values we hold to be vital in our daily work.</p> <p>It takes every one of us to fulfill our commitment to integrity and ethics as outlined in this Ethics Charter. We, the Management Board of KNDS, ask you to read it and live it together with us.</p> <p>Yours Sincerely, Frank Haun Stephane Mayer Margaret Hill</p> <p>[p.6] 1.1.2 Preventing Corruption and Bribery The Group is committed to conducting business in an honest and ethical manner and complying with all applicable antibribery and anti-corruption laws and regulations in its worldwide operations.</p>

Question
<p>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</p> <p>a) All employees, including staff and leadership of subsidiaries and other controlled entities;</p> <p>b) All board members, including non-executive directors.</p>
Score
2
Comments
<p>There is evidence that the company publishes an explicit anti-bribery and corruption policy, which makes specific reference to the prohibition of 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) above, regardless of their seniority.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 22/06/2019 https://www.nexter-group.fr/integrite.html INTEGRITY</p> <p>As part of Nexter's Compliance Programme, and in addition to the KNDS Ethics Charter, the Group has adopted a Code of Conduct dedicated to the prevention of corruption and influence-peddling. The Code of Conduct is attached to Company rules of procedure. The content of the Code of Conduct is based on an analysis of the potential risks linked to business activities. This Code of Conduct enables employees to identify complex situations and be fully prepared to apprehend them. It guides employees by providing them with precise definitions and concrete examples, as well as elements of behaviour and responses when facing a difficult situation. The Code of Conduct is made available in educational booklet format for employees and all third parties of the company.</p> <p>An Alert System is also provided for employees wishing to report facts contrary to the Code of Conduct. Employees who detect or suspect acts contrary to the Code of Conduct can alert, in a confidential manner, the Ethics Correspondent by using Nexter's Alert Procedure.</p> <p>The Code of Conduct is complemented by detailed policies which enable all employees to familiarise and appropriate the rules and processes to follow in order to prevent corruption and influence-peddling risks.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf</p> <p>[p.2] To comply with its legal obligations, Nexter has adopted a Code of Conduct, which forms the cornerstone of its policy to prevent the risk of corruption and influence peddling in its activities.</p> <p>[...]</p> <p>Any breach of the Code of Conduct is likely to be sanctioned by disciplinary measures as provided for in internal regulations. The disciplinary measures applied will depend on the nature and seriousness of the breach of the Code of Conduct.</p> <p>[p.3] The following definitions and illustrations are intended to be educational so that everyone can better understand these notions.</p> <p>Corruption and Influence Peddling:</p> <p>Corruption (active and passive) and influence peddling (active and passive) are criminal offences.</p> <p>They are punishable by imprisonment which may be accompanied by a fine and additional penalties (such as loss of civic, civil and family rights or a ban on certain business activities). These penalties are applicable to both legal entities and individuals, i.e. Nexter and its employees.</p>

[p.8] Facilitation payments are a sum of money, often of low value, paid to a public official with the aim of facilitating, accelerating and ensuring the smooth operation of an administrative procedure for which Nexter may legally qualify.

This can include obtaining a visa, administrative authorisation, a licence or speeding a customs clearance procedure.

Nexter prohibits facilitation payments, even in countries where this practice is tolerated.

[7] KNDS Ethics Charter

Accessed 21/12/2019

<https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf>

[p.6] 1.1.2 Preventing Corruption and Bribery

The Group is committed to conducting business in an honest and ethical manner and complying with all applicable antibribery and anti-corruption laws and regulations in its worldwide operations. The Group prohibits all bribery or corruption, whether made for the benefit of, or received from, any third party, whether public or private. No employee is allowed to offer, promise or provide any pecuniary advantage or any other advantage to any person, whether private individuals or public officials 1, with a view to improperly obtaining or retaining business, rewarding a decision or securing any facility or favour that infringes regulations. Nor may they respond to solicitations with the same objective. This applies whether the improper advantage is made directly or indirectly, including by requesting assistance from a third party, such as a sales partner, a supplier, a contractor, a joint venture or a consortium partner.

The Group prohibits any so-called "kickbacks". Kickbacks are a form of bribery where one party obtains an undue advantage, and a portion of the undue advantage is "kicked back" to the individual who gave or will give the undue advantage. It differs from other forms of bribery in that it implies a form of collusion between the two parties. The Group prohibits any facilitation payment given to government officials. Facilitation payments are used to facilitate mandatory administrative procedures and formalities normally carried out through the proper legal channels.

[p.15] The directors of the Group companies are responsible for implementation of the ethics charter and the education of employees in that respect. It is noted that the ethics charter also applies to directors of the Group companies.

[3] Commitments (webpage)

Accessed 22/06/2019

<https://www.nexter-group.fr/en/nos-engagements.html>

Integrity

The prevention of corruption is a cornerstone of Nexter's activity. In the defense sector, this is both a legal obligation and a real economic and strategic issue. We operate responsibly with integrity, transparency and rigor. The Management board is convinced that exemplarity in the application of these principles is essential for the sustainability and success of the company.

In order to ensure the application of its anti-corruption policy and to support employees on a daily basis, we have implemented various procedures.

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
0
Comments
<p>There is no publicly available evidence that the company has a designated board committee or individual board member responsible for oversight of its anti-corruption programme. On its website the company refers to an Ethics and Compliance Committee which meets biannually and 'ensures the proper implementation of the anti-corruption program'. However, it is not stated that this is a board-level committee and its membership and mandate are not clear from publicly available materials.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html ORGANISATION ET GOUVERNANCE</p> <p>The Compliance Programme is led by the Compliance Department which reports to the Legal and Compliance Department. The General Counsel and Chief Compliance Officer has direct access to Nexter's Chairman of the Board and CEO. The general orientation of the Compliance Programme is given by the Ethics and Compliance Committee, chaired by the CEO and composed of Nexter's managing team. The Committee meets twice a year.</p> <p>The Group Compliance Officer reports to the General Counsel and Chief Compliance Officer and is responsible for defining and deploying Nexter's Compliance Programme. The Group Compliance Officer identifies the most adapted compliance policies based on the company's risk mapping and designs the training programme and communication campaigns necessary to implement the company's culture of integrity. The Compliance Department is also in charge of due diligence for third parties considered as high risk following Nexter's risk mapping.</p> <p>[...]</p> <p>MONITORING AND MANAGING</p> <p>Our compliance team is responsible for managing the anti-corruption program. Its role is to improve the compliance program in light of legislative and best practices changes and to monitor the application of third party auditing rules.</p> <p>The compliance program includes an internal control component to prevent risk in operations. In addition, the Internal Audit team conducts specific controls related to the program for the prevention of corruption, and in the event of anomalies, the compliance team makes the necessary improvements.</p> <p>The Ethics and Compliance Committee also ensures the proper implementation of the anti-corruption program. It meets twice a year in order to take stock of the system in place and make recommendations to improve it.</p>

Question
1.4. Is responsibility for implementing and managing the company’s anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company’s programme?
Score
1
Comments
<p>There is evidence that a designated senior executive, the Group Compliance Officer, has ultimate responsibility for implementing and managing the company's anti-bribery and corruption programme. It is clear that this person has a direct reporting line to the chair of the board.</p> <p>However, there is no evidence of reporting and feedback activities between this person and the board as part of the company's reporting structure; for example, through attendance or participation at board-level committee meetings.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html ORGANISATION ET GOUVERNANCE</p> <p>The Compliance Programme is led by the Compliance Department which reports to the Legal and Compliance Department. The General Counsel and Chief Compliance Officer has direct access to Nexter’s Chairman of the Board and CEO. The general orientation of the Compliance Programme is given by the Ethics and Compliance Committee, chaired by the CEO and composed of Nexter’s managing team. The Committee meets twice a year.</p> <p>The Group Compliance Officer reports to the General Counsel and Chief Compliance Officer and is responsible for defining and deploying Nexter’s Compliance Programme. The Group Compliance Officer identifies the most adapted compliance policies based on the company’s risk mapping and designs the training programme and communication campaigns necessary to implement the company’s culture of integrity. The Compliance Department is also in charge of due diligence for third parties considered as high risk following Nexter’s risk mapping.</p> <p>MONITORING AND MANAGING</p> <p>Our compliance team is responsible for managing the anti-corruption program. Its role is to improve the compliance program in light of legislative and best practices changes and to monitor the application of third party auditing rules.</p> <p>The compliance program includes an internal control component to prevent risk in operations. In addition, the Internal Audit team conducts specific controls related to the program for the prevention of corruption, and in the event of anomalies, the compliance team makes the necessary improvements. The Ethics and Compliance Committee also ensures the proper implementation of the anti-corruption program. It meets twice a year in order to take stock of the system in place and make recommendations to improve it.</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>There is evidence that the company has a bribery and corruption risk assessment procedure that informs the design of its anti-corruption and bribery programme.</p> <p>However, it is unclear how frequently risk assessments are undertaken and there is no evidence that the results are reviewed at board level.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html The Group Compliance Officer identifies the most adapted compliance policies based on the company's risk mapping and designs the training programme and communication campaigns necessary to implement the company's culture of integrity. The Compliance Department is also in charge of due diligence for third parties considered as high risk.</p> <p>[3] Commitments (webpage) Accessed 22/06/2019 https://www.nexter-group.fr/en/nos-engagements.html The group is permanently improving its risk management. Having drawn up a risk map, we have extracted the major risks given their impact, their probability of occurrence and the means implemented to limit them. In addition to this mapping, which is reviewed periodically, we carry out spot audits.</p> <p>To ensure good risk management, our company is systematically involved upstream in the negotiation of highstake contracts. We also handle the litigations and disputes of the group's companies.</p> <p>More generally, to better understand and limit the risks associated with our business, we rely on a set of systems: standards, quality organization, internal audits, safety of people, goods and the environment, access and document protection, external controls, etc.</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 states that its compliance programme is subject to review by its internal audit team, and there is evidence that the results of these reviews are used to update the programme.</p> <p>However, it is not clear how frequently audits are undertaken, the company does not explicitly state that the entire anti-corruption programme is audited to ensure it is consistent with best practice and the business risks facing the company. There is also no evidence that audit findings are presented to the board.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html MONITORING AND MANAGING</p> <p>Our compliance team is responsible for managing the anti-corruption program. Its role is to improve the compliance program in light of legislative and best practices changes and to monitor the application of third party auditing rules.</p> <p>The compliance program includes an internal control component to prevent risk in operations. In addition, the Internal Audit team conducts specific controls related to the program for the prevention of corruption, and in the event of anomalies, the compliance team makes the necessary improvements.</p> <p>The Ethics and Compliance Committee also ensures the proper implementation of the anti-corruption program. It meets twice a year in order to take stock of the system in place and make recommendations to improve it.</p> <p>[3] Commitments (webpage) Accessed 22/06/2019 https://www.nexter-group.fr/en/nos-engagements.html The group is permanently improving its risk management. Having drawn up a risk map, we have extracted the major risks given their impact, their probability of occurrence and the means implemented to limit them. In addition to this mapping, which is reviewed periodically, we carry out spot audits.</p> <p>To ensure good risk management, our company is systematically involved upstream in the negotiation of high stake contracts. We also handle the litigations and disputes of the group's companies.</p> <p>More generally, to better understand and limit the risks associated with our business, we rely on a set of systems: standards, quality organization, internal audits, safety of people, goods and the environment, access and document protection, external controls, etc.</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 publicly commits to investigating incidents, and there is a specific procedure in place to deal with whistleblowing cases.</p> <p>However, this procedure does not cover the whole investigation process from receipt to final outcome, it is unclear whether investigations are handled by an independent team and/or report to an independent board member, and the company does not indicate whether information on each investigation is documented and if a central body reviews summary information on the status of investigations on a regular or annual basis.</p>
Evidence
<p>[7] KNDS Ethics Charter Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf [p.14] A person disclosing an allegation of (suspected) improper activities as referred to above is commonly referred to as a whistleblower.</p> <p>A whistleblower may be an employee of the Group, an applicant for employment, a vendor, a contractor or a member of the general public. The whistleblower's role is solely as a reporting party and he or she may report improper activity to the local compliance officer. The local compliance officer will not disclose the identity of the whistleblower unless he or she obtains the whistleblower's permission to do so, or when this disclosure is required by law.</p> <p>The Group takes potential violations very seriously and will fairly review each allegation. Actual violations of applicable laws or Group policy may lead to disciplinary actions, judicial actions or termination of a contractual relationship.</p> <p>Any violation or allegation thereof will be reviewed by the local compliance officer or ethics correspondent and treated in accordance with the applicable rules.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.8] Alert</p> <p>In accordance with applicable laws and regulations, an internal alert system is in place within the Group, and alerts are received by the Ethics Correspondent.</p> <p>This alert system is confidential, and it is intended for employees who wish in good faith to report behaviour or situations which contravene the Code of Conduct. The alert cannot expose the employee to sanction. Even if after an investigation, the facts appear not to require additional measures, or prove to be inexact. In any case the whistleblower is informed upon receipt of its alert and of the follow-up measures.</p> <p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html An Alert System is also provided for employees wishing to report facts contrary to the Code of Conduct. Employees who detect or suspect acts contrary to the Code of Conduct can alert, in a confidential manner, the Ethics Correspondent by using Nexter's Alert Procedure.</p>

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
0
Comments
There is no evidence that the company assures itself of the quality of its internal investigations.
Evidence
<p>[7] KNDS Ethics Charter Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf [p.14] A person disclosing an allegation of (suspected) improper activities as referred to above is commonly referred to as a whistleblower.</p> <p>A whistleblower may be an employee of the Group, an applicant for employment, a vendor, a contractor or a member of the general public. The whistleblower's role is solely as a reporting party and he or she may report improper activity to the local compliance officer. The local compliance officer will not disclose the identity of the whistleblower unless he or she obtains the whistleblower's permission to do so, or when this disclosure is required by law.</p> <p>The Group takes potential violations very seriously and will fairly review each allegation. Actual violations of applicable laws or Group policy may lead to disciplinary actions, judicial actions or termination of a contractual relationship.</p> <p>Any violation or allegation thereof will be reviewed by the local compliance officer or ethics correspondent and treated in accordance with the applicable rules.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.8] Alert</p> <p>In accordance with applicable laws and regulations, an internal alert system is in place within the Group, and alerts are received by the Ethics Correspondent.</p> <p>This alert system is confidential, and it is intended for employees who wish in good faith to report behaviour or situations which contravene the Code of Conduct. The alert cannot expose the employee to sanction. Even if after an investigation, the facts appear not to require additional measures, or prove to be inexact. In any case the whistleblower is informed upon receipt of its alert and of the follow-up measures.</p> <p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html An Alert System is also provided for employees wishing to report facts contrary to the Code of Conduct. Employees who detect or suspect acts contrary to the Code of Conduct can alert, in a confidential manner, the Ethics Correspondent by using Nexter's Alert Procedure.</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
0
Comments
There is no evidence that the company's investigative procedure includes a commitment to report material findings to the board or the relevant authorities.
Evidence
<p>[7] KNDS Ethics Charter Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf [p.14] A person disclosing an allegation of (suspected) improper activities as referred to above is commonly referred to as a whistleblower.</p> <p>A whistleblower may be an employee of the Group, an applicant for employment, a vendor, a contractor or a member of the general public. The whistleblower's role is solely as a reporting party and he or she may report improper activity to the local compliance officer. The local compliance officer will not disclose the identity of the whistleblower unless he or she obtains the whistleblower's permission to do so, or when this disclosure is required by law.</p> <p>The Group takes potential violations very seriously and will fairly review each allegation. Actual violations of applicable laws or Group policy may lead to disciplinary actions, judicial actions or termination of a contractual relationship.</p> <p>Any violation or allegation thereof will be reviewed by the local compliance officer or ethics correspondent and treated in accordance with the applicable rules.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.8] Alert</p> <p>In accordance with applicable laws and regulations, an internal alert system is in place within the Group, and alerts are received by the Ethics Correspondent.</p> <p>This alert system is confidential, and it is intended for employees who wish in good faith to report behaviour or situations which contravene the Code of Conduct. The alert cannot expose the employee to sanction. Even if after an investigation, the facts appear not to require additional measures, or prove to be inexact. In any case the whistleblower is informed upon receipt of its alert and of the follow-up measures.</p> <p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html An Alert System is also provided for employees wishing to report facts contrary to the Code of Conduct. Employees who detect or suspect acts contrary to the Code of Conduct can alert, in a confidential manner, the Ethics Correspondent by using Nexter's Alert Procedure.</p>

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
0
Comments
The company does not publish any data on ethical or bribery and corruption investigations or disciplinary actions involving its employees.
Evidence
No evidence found.

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 provides a training module that outlines the basic principles of its anti-bribery and corruption policy, including the whistleblowing options available to employees. The evidence indicates that this training is provided to all employees.</p> <p>However, it is unclear how frequently training is refreshed and whether the training is provided in all appropriate languages.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html EMPLOYEE TRAINING AND AWARENESS RAISING</p> <p>Employees have a key role to play in preventing corruption risks. As such, they are trained to acquire sufficient knowledge and tools to identify complex situations and react effectively and without risk. An intranet section dedicated to Compliance is available to employees, giving them access to all of the Group’s anti-corruption procedures and policies.</p> <p>Managers and more generally all employees, especially newcomers, benefit from training and awareness sessions:</p> <ul style="list-style-type: none"> • Intensive sessions: employees who may be exposed to difficult situations attend intensive training sessions. These are based on concrete cases and workshops, in order to develop their ability to recognise and react to potentially difficult situations. • Awareness raising sessions: for all newcomers and employees to understand the Code of Conduct, the Alert System and the main mandatory policies. <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexte%20Group.pdf [p.8] Nexter regularly organises training and awareness-raising sessions to allow all employees to have the knowledge and tools to prevent corruption on a daily basis. In addition to the awareness-raising and training provided specifically to newcomers and employees who may be exposed to the risk of corruption, employees can ask for complementary training to the Compliance Department.</p>

Question
<p>3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:</p> <ul style="list-style-type: none"> a) Employees in high risk positions, b) Middle management, c) Board members.
Score
1
Comments
<p>The company states that employees in certain positions receive tailored anti-bribery and corruption training, including employees in high risk positions and managers.</p> <p>However, it is not clear how frequently this training takes place and the company does not make specific reference to board members as a category of employee requiring tailored training.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html EMPLOYEE TRAINING AND AWARENESS RAISING</p> <p>Employees have a key role to play in preventing corruption risks. As such, they are trained to acquire sufficient knowledge and tools to identify complex situations and react effectively and without risk. An intranet section dedicated to Compliance is available to employees, giving them access to all of the Group’s anti-corruption procedures and policies.</p> <p>Managers and more generally all employees, especially newcomers, benefit from training and awareness sessions:</p> <ul style="list-style-type: none"> • Intensive sessions: employees who may be exposed to difficult situations attend intensive training sessions. These are based on concrete cases and workshops, in order to develop their ability to recognise and react to potentially difficult situations. • Awareness raising sessions: for all newcomers and employees to understand the Code of Conduct, the Alert System and the main mandatory policies. <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.8] Nexter regularly organises training and awareness-raising sessions to allow all employees to have the knowledge and tools to prevent corruption on a daily basis. In addition to the awareness-raising and training provided specifically to newcomers and employees who may be exposed to the risk of corruption, employees can ask for complementary training to the Compliance Department.</p>

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
0
Comments
There is no publicly available evidence that the company measures or reviews the efficacy of its anti-bribery and corruption communications or training programme.
Evidence
No evidence found.

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 publicly available evidence that the company's incentive schemes incorporate ethical or anti-bribery and corruption principles.
Evidence
No evidence found.

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
There is no publicly available evidence that the company commits to support or protect employees who refuse to act unethically.
Evidence
No evidence found.

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
1
Comments
<p>There is evidence that the company has a publicly available policy of non-retaliation against whistleblowers, which applies to employees and directors, as well as employees of third parties or members of the general public.</p> <p>However, there is no evidence that the company assures itself of its employees' confidence in this commitment through surveys, usage data, or other clearly stated means.</p>
Evidence
<p>[7] KNDS Ethics Charter Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf [p.14] 3.1 Reporting of Violations, Concerns and Complaints An improper activity is any activity that is undertaken in the performance of official duties for the Group, whether or not that action is within the scope of an employee's prerogative, and that might negatively affect the Group and/or is in violation of any applicable law or regulation. This may include, but is not limited to, corruption, bribery, theft of property, fraudulent claims, fraud, coercion, malicious prosecution, misuse of property, wilful omission to perform a duty, or conduct otherwise involving gross misconduct, incompetence or a violation of the ethics charter or any policy and procedure in place.</p> <p>No sanctions or retaliation may be taken against any employee who, in good faith, provides information on what the person considers to be a breach or risk of a breach of this ethics charter.</p> <p>A person disclosing an allegation of (suspected) improper activities as referred to above is commonly referred to as a whistleblower.</p> <p>A whistleblower may be an employee of the Group, an applicant for employment, a vendor, a contractor or a member of the general public. The whistleblower's role is solely as a reporting party and he or she may report improper activity to the local compliance officer. The local compliance officer will not disclose the identity of the whistleblower unless he or she obtains the whistleblower's permission to do so, or when this disclosure is required by law.</p> <p>[p.15] The directors of the Group companies are responsible for implementation of the ethics charter and the education of employees in that respect. It is noted that the ethics charter also applies to directors of the Group companies.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.8] Alert</p> <p>In accordance with applicable laws and regulations, an internal alert system is in place within the Group, and alerts are received by the Ethics Correspondent.</p> <p>This alert system is confidential, and it is intended for employees who wish in good faith to report behaviour or situations which contravene the Code of Conduct.</p> <p>The alert cannot expose the employee to sanction. Even if after an investigation, the facts appear not to require additional measures, or prove to be inexact. In any case the whistleblower is informed upon receipt of its alert and of the follow-up measures.</p>

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
1
Comments
<p>The company has some whistleblowing and advice channels, which allow confidential reporting. These channels are available to employees across the group as well as those employed by third parties or members of the public.</p> <p>However, the company does not appear to offer anonymous channels or any externally operated channels. The channels are also not explicitly available to all employees in any country of operation, and in all relevant languages.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html An Alert System is also provided for employees wishing to report facts contrary to the Code of Conduct. Employees who detect or suspect acts contrary to the Code of Conduct can alert, in a confidential manner, the Ethics Correspondent by using Nexter's Alert Procedure.</p> <p>[7] KNDS Ethics Charter Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf [p.14] 3.1 Reporting of Violations, Concerns and Complaints An improper activity is any activity that is undertaken in the performance of official duties for the Group, whether or not that action is within the scope of an employee's prerogative, and that might negatively affect the Group and/or is in violation of any applicable law or regulation. This may include, but is not limited to, corruption, bribery, theft of property, fraudulent claims, fraud, coercion, malicious prosecution, misuse of property, wilful omission to perform a duty, or conduct otherwise involving gross misconduct, incompetence or a violation of the ethics charter or any policy and procedure in place.</p> <p>No sanctions or retaliation may be taken against any employee who, in good faith, provides information on what the person considers to be a breach or risk of a breach of this ethics charter.</p> <p>A person disclosing an allegation of (suspected) improper activities as referred to above is commonly referred to as a whistleblower.</p> <p>A whistleblower may be an employee of the Group, an applicant for employment, a vendor, a contractor or a member of the general public. The whistleblower's role is solely as a reporting party and he or she may report improper activity to the local compliance officer. The local compliance officer will not disclose the identity of the whistleblower unless he or she obtains the whistleblower's permission to do so, or when this disclosure is required by law.</p> <p>The Group takes potential violations very seriously and will fairly review each allegation. Actual violations of applicable laws or Group policy may lead to disciplinary actions, judicial actions or termination of a contractual relationship.</p> <p>Any violation or allegation thereof will be reviewed by the local compliance officer or ethics correspondent and treated in accordance with the applicable rules.</p> <p>[p.15] In the event of doubt over the conduct to adopt or in the event of a difficulty in the interpretation or application of this ethics charter or any other rule, one should consult the local compliance officer.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.8] Alert</p>

In accordance with applicable laws and regulations, an internal alert system is in place within the Group, and alerts are received by the Ethics Correspondent.

This alert system is confidential, and it is intended for employees who wish in good faith to report behaviour or situations which contravene the Code of Conduct.

The alert cannot expose the employee to sanction. Even if after an investigation, the facts appear not to require additional measures, or prove to be inexact. In any case the whistleblower is informed upon receipt of its alert and of the follow-up measures.

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
1
Comments
<p>The company has a policy for conflicts of interest which applies to employees and directors of the company. This covers actual, potential and perceived conflicts. The policy covers employee relationships, financial interests and other employment.</p> <p>However, the company does not refer to government relationships.</p>
Evidence
<p>[7] KNDS Ethics Charter Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf [p.10] 1.3.1 Conflicts of Interest Employees must avoid finding themselves in a situation where direct or indirect extra-professional interests, in particular personal interests, are in conflict with those of the Group and influence or alter the independence or integrity of their professional conduct. Any employee who finds himself or herself in a conflict of interest situation must immediately inform his or her manager to determine if the individual must excuse himself or herself from participation in the activities concerned, preserving the Group's interests.</p> <p>[p.15] The directors of the Group companies are responsible for implementation of the ethics charter and the education of employees in that respect. It is noted that the ethics charter also applies to directors of the Group companies.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.7] Conflicts of interest</p> <p>A conflict of interest refers to a situation in which the personal interest of an employee is likely to influence or appear to influence the performance of their duties.</p> <p>It may concern the private, financial or professional interest of an employee or a relative.</p> <p>A conflict of interest situation exists when the personal interest of a Nexter employee is in contradiction with Nexter's interests and appears to influence the objective and impartial performance of their professional duties.</p> <p>Employees must therefore avoid finding themselves in a conflict of interest situation.</p> <p>Any situation that may present a conflict of interest must be reported to the line management to determine the course of action to be taken.</p>

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
1
Comments
<p>The company has procedures to identify, declare and manage conflicts of interest, including actual, potential and perceived conflicts. This includes disciplinary measures for breaching the company's procedures.</p> <p>However, the company does not state that all employee and board member declarations are held in a dedicated register or central depository that is accessible to those responsible for oversight of the process. There is also no reference to a specific body or individual with oversight and accountability for handling cases and the policy does not mention examples of criteria for recusal.</p>
Evidence
<p>[7] KNDS Ethics Charter Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf [p.10] 1.3.1 Conflicts of Interest Employees must avoid finding themselves in a situation where direct or indirect extra-professional interests, in particular personal interests, are in conflict with those of the Group and influence or alter the independence or integrity of their professional conduct. Any employee who finds himself or herself in a conflict of interest situation must immediately inform his or her manager to determine if the individual must excuse himself or herself from participation in the activities concerned, preserving the Group's interests.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.2] Any breach of the Code of Conduct is likely to be sanctioned by disciplinary measures as provided for in internal regulations. The disciplinary measures applied will depend on the nature and seriousness of the breach of the Code of Conduct.</p> <p>[p.7] Conflicts of interest</p> <p>A conflict of interest refers to a situation in which the personal interest of an employee is likely to influence or appear to influence the performance of their duties.</p> <p>It may concern the private, financial or professional interest of an employee or a relative.</p> <p>A conflict of interest situation exists when the personal interest of a Nexter employee is in contradiction with Nexter's interests and appears to influence the objective and impartial performance of their professional duties.</p> <p>Employees must therefore avoid finding themselves in a conflict of interest situation.</p> <p>Any situation that may present a conflict of interest must be reported to the line management to determine the course of action to be taken.</p>

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

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no publicly available evidence that the company reports 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
2
Comments
The company publishes a clear statement that it prohibits corporate political contributions.
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html SPECIAL INTEREST REPRESENTATIVES AND POLITICAL CONTRIBUTIONS</p> <p>In accordance with French law, we prohibit all forms of financing political activity, whatever the nationality or country of practice of the beneficiary.</p> <p>[12] Principles on Political Contributions Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/EN%20principles%20political%20contribution.pdf [p.1] Political contributions may be perceived as a disguise in order to reward an undue advantage to an entity or individual, and consequentially, it can be considered an act of corruption or influence peddling. If this is the case, the integrity and partiality of NEXTER would be questioned and may damage NEXTER's reputation.</p> <p>The term "political contributions" refers to any payment, gift, loan, pledge, deposit of money, financing of meetings and political events or promotional campaigns, goods, services or other valuable contribution made in favor of a political party, political organisation or candidate for elected office.</p> <p>All political contributions, financing of political campaigns, personalities, political candidates or their associated organisations, such as think tanks run by political figures, is covered by the Political Contributions Policy.</p> <p>NEXTER prohibits all political contributions, even if this can be considered legal in certain countries. NEXTER maintains a principle of neutrality as set forth in the Ethics Charter.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.7] Political contributions are prohibited by Nexter, even in countries where it is permitted by local law.</p> <p>[7] KNDS Ethics Charter Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf [p.9] 1.2.6 Political Contributions Political contributions may only be made in strict conformity with the specific national legal framework that is applicable.</p>

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
N/A
Comments
The company prohibits corporate political contributions and therefore receives 'N/A' for this question.
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html</p> <p>SPECIAL INTEREST REPRESENTATIVES AND POLITICAL CONTRIBUTIONS</p> <p>In accordance with French law, we prohibit all forms of financing political activity, whatever the nationality or country of practice of the beneficiary.</p> <p>[12] Principles on Political Contributions Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/EN%20principles%20political%20contribution.pdf [p.1] Political contributions may be perceived as a disguise in order to reward an undue advantage to an entity or individual, and consequentially, it can be considered an act of corruption or influence peddling. If this is the case, the integrity and partiality of NEXTER would be questioned and may damage NEXTER's reputation.</p> <p>The term "political contributions" refers to any payment, gift, loan, pledge, deposit of money, financing of meetings and political events or promotional campaigns, goods, services or other valuable contribution made in favor of a political party, political organisation or candidate for elected office.</p> <p>All political contributions, financing of political campaigns, personalities, political candidates or their associated organisations, such as think tanks run by political figures, is covered by the Political Contributions Policy.</p> <p>NEXTER prohibits all political contributions, even if this can be considered legal in certain countries. NEXTER maintains a principle of neutrality as set forth in the Ethics Charter.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.7] Political contributions are prohibited by Nexter, even in countries where it is permitted by local law.</p> <p>[7] KNDS Ethics Charter Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf [p.9] 1.2.6 Political Contributions Political contributions may only be made in strict conformity with the specific national legal framework that is applicable.</p>

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
1
Comments
<p>There is evidence that the company has a policy and procedure covering both charitable donations and sponsorships to ensure donations are not used as vehicles for bribery and corruption.</p> <p>However, the company does not publish any details of its donations.</p>
Evidence
<p>[11] Policy on Charitable Contributions and Sponsorship Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/EN%20Principles%20Sponsorship.pdf [p.1] Charitable contribution and sponsorship operations imply inherent risks in the conduct of business. These financial contributions may potentially be diverted from their original purpose and disguise the granting of an undue advantage to a legal entity or individual.</p> <p>Under these circumstances, a sponsorship or patronage action may be perceived as or may constitute an act of corruption or influence peddling. In this case, the integrity of NEXTER would be questioned and may damage NEXTER's reputation.</p> <p>Charitable Contribution is comparable to a donation (in cash, in kind or by providing services), without a, direct or indirect, counterpart, granted to an organisation to support a project in the public interest.</p> <p>Sponsorship is material support granted to an event, a person, a product or an organisation in order to gain a direct benefit or counterpart.</p> <p>[p.2] All charitable contribution and sponsorship operations carried out by Nexter must comply with the following principles:</p> <ul style="list-style-type: none"> – Compliance: Strict compliance with legal requirements, French regulations and, where applicable, local legislation. All charitable contribution or sponsorship operations supporting an illegal activity are strictly prohibited. – Purpose: The purpose should be to be consistent with NEXTER's communication strategy or reflect its core values and support of civil society. The choice of project or activity must follow objective considerations and must not, under any circumstances, be influenced by an employee's personal interest. – Neutrality: NEXTER maintains a principle of neutrality and makes decisions on charitable contribution or sponsorship requests in complete neutrality. The use of NEXTER's assets or the granting of donations or financial contributions in order to, directly or indirectly, support political, religious or philosophical activities is strictly prohibited. – Contractualisation: Agreements are signed between Nexter and recipient organisations. Transactions must be duly documented and monitored. The company may suspend payments in the event of fraudulent use of funds. – Transparency: Any approved sponsorship operation must be documented and accurately recorded in the accounting books. NEXTER must be able to ensure the monitoring of all charitable contribution or sponsorship operations. <p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html DONATIONS AND SPONSORSHIP PRINCIPLES</p>

Donations can be considered as a contribution via funding, in kind or in competence, without equivalent compensation, directly or indirectly, granted to an organisation for the support bought to a mission of general public interest. Sponsorship is material support provided to an event, person, product or organisation with the expectation of gaining direct benefit.

Donations and sponsorship operations carry inherent risks. These financial contributions may be diverted from their original purpose to conceal the attribution of an undue advantage to an entity or an individual. As a result, Nexter has implemented a strict policy and procedure to regulate donations and sponsorship with the company and ensure that the company only funds causes relevant and consistent with its activities and its commitment to corporate social responsibility.

[7] KNDS Ethics Charter

Accessed 21/12/2019

<https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf>

[p.9] 1.2.7 Charitable Contributions and Sponsorship

Charitable contributions are part of the Group's involvement in communities. Sponsorship is part of the marketing and communication strategy.

Employees of the Group may not make charitable donations or sponsorship whether in their own name or in the name of a company belonging to the Group to obtain or retain business or gain an improper business advantage. Any charitable contributions or sponsorships must be allowed under local law and companies' procedures and made to or for a bona fide organisation. Any known connection of a government official to any organisation receiving a proposed contribution must be identified.

[8] Code of Conduct

Accessed 21/12/2019

<https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf>

[p.7] Donations sponsorship and political contributions

Donations are comparable to charitable contributions (in cash, in kind or skills) without equivalent consideration, whether direct or indirect, granted to a body to support a general interest project.

Sponsorship is material support for an event, a person, a product or an organisation with a view to deriving a direct benefit.

Donations and sponsorship operations may be diverted from their original purpose and conceal the award of an undue benefit to any entity or individual, which constitutes an act of corruption or influence peddling.

Nexter has established rules and procedures to monitor this activity and ensure that it participates in a relevant and consistent cause with the company's business and its citizenship commitments to civil society.

Under this policy, employees must ensure that the donation is consistent with Nexter's activities, its reasonableness and also verify the identity of the ultimate beneficiary. An agreement must always be signed with the beneficiary.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
2
Comments
<p>The company has a policy and procedure that defines lobbying and sets out the values and behaviours that constitute 'responsible' lobbying. The company outlines certain standards of conduct and oversight mechanisms that apply to all of the company's employees and partners. It provides clear guidelines on what behaviours are acceptable and unacceptable and on the corruption risks associated with lobbying.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html SPECIAL INTEREST REPRESENTATIVES AND POLITICAL CONTRIBUTIONS</p> <p>In accordance with French law, Nexter prohibits all forms of political contributions in all countries.</p> <p>Nexter has implemented a policy regarding special interest representatives enforcing, in addition to the strict application of French law, ethical rules to the special interest representatives. A register of the actions undertaken by special interest representatives is maintained by Nexter and transmitted to the French Authority for the Transparency of Public Life (HATVP).</p> <p>[13] Principles for Special Interest Representatives Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Principes%20repr%C3%A9sentant%20d'int%C3%A9r%C3%AAt%20EN.%20AG%2026.09.pdf</p> <p>[p.1] All of NEXTER's employees and its partners must integrate and apply these principles.</p> <p>By « Special Interest Representatives » Nexter Group means all activities targeting, directly or indirectly, public decision makers for the purpose of raising awareness on issues and challenges faced by the company, and promote the Group's interests.</p> <p>A "Special Interest Representative" is a person or a company which leads activities towards public decision making, especially in the legislative and regulatory area.</p> <p>In this framework Nexter commits to:</p> <ul style="list-style-type: none"> - Comply with national and international regulatory rules and applicable ethics rules, - Register its Special Interest Representatives with the institutions in which they carry out their activities as well as with the French "Répertoire des Représentants d'Intérêts" (Special Interest Representatives Register) (décret n°2017-867 du 9 mai 2017 relatif au répertoire numérique des représentants d'intérêts), - Adopt under all circumstances a responsible and trustworthy behaviour, <p>[p.2] - Reject and prevent corruption in all its forms, whether public or private, active or passive, direct or indirect, - Act in transparency, in accordance with applicable laws and practices in force, but also with the expected rigour and professionalism,</p> <ul style="list-style-type: none"> - Make sure its Special Interest Representatives do not find themselves confronted with a situation of conflict of interest. <p>SPECIAL INTEREST REPRESENTATIVES' ETHICAL RULES:</p> <ul style="list-style-type: none"> – Abstain from proposing or offering to public officials gifts, donations or any benefit of significant value,

- Abstain from all incentives, towards the aforementioned individuals, to break any ethical rules applicable to them, and abstain from any approach aiming to obtain information or favourable decisions by fraudulent means,
- Abstain from obtaining or trying to obtain information or a favourable decision by giving deliberately incorrect information or by misleading manoeuvres,
- Abstain from organising conferences, events or meetings in which speaking time allowed per public official is linked to any form of compensation,
- Abstain from using information obtained from public officials for commercial or advertising purposes,
- Abstain from selling to third parties Government, administrative or public authority documents, or copies of, or to use headed paper, or use these public bodies' and entities' logo.

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
0
Comments
<p>The company does not publish any information on its lobbying aims, topics or activities on its website. The company states that it transmits a register of lobbying activity to the French Authority for the Transparency of Public Life, but this is not provided on the company's website nor is there a direct link to the material.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html SPECIAL INTEREST REPRESENTATIVES AND POLITICAL CONTRIBUTIONS</p> <p>In accordance with French law, Nexter prohibits all forms of political contributions in all countries.</p> <p>Nexter has implemented a policy regarding special interest representatives enforcing, in addition to the strict application of French law, ethical rules to the special interest representatives. A register of the actions undertaken by special interest representatives is maintained by Nexter and transmitted to the French Authority for the Transparency of Public Life (HATVP).</p> <p>[13] Principles for Special Interest Representatives Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Principes%20repr%C3%A9sentant%20d'int%C3%A9r%C3%AAt%20EN.%20AG%2026.09.pdf</p> <p>[p.1] In this framework Nexter commits to:</p> <ul style="list-style-type: none"> - Comply with national and international regulatory rules and applicable ethics rules, - Register its Special Interest Representatives with the institutions in which they carry out their activities as well as with the French "Répertoire des Représentants d'Intérêts" (Special Interest Representatives Register) (décret n°2017-867 du 9 mai 2017 relatif au répertoire numérique des représentants d'intérêts),

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
0
Comments
<p>There is evidence that the company provides limited details about its lobbying expenditure in France on the website of the French Authority for the Transparency of Public Life. However, this information is not published to its own website nor does the company provide a direct link to the relevant information.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html SPECIAL INTEREST REPRESENTATIVES AND POLITICAL CONTRIBUTIONS</p> <p>In accordance with French law, Nexter prohibits all forms of political contributions in all countries.</p> <p>Nexter has implemented a policy regarding special interest representatives enforcing, in addition to the strict application of French law, ethical rules to the special interest representatives. A register of the actions undertaken by special interest representatives is maintained by Nexter and transmitted to the French Authority for the Transparency of Public Life (HATVP).</p> <p>[13] Principles for Special Interest Representatives Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Principes%20repr%C3%A9sentant%20d'int%C3%A9r%C3%AAt%20EN.%20AG%2026.09.pdf</p> <p>[p.1] In this framework Nexter commits to:</p> <ul style="list-style-type: none"> - Comply with national and international regulatory rules and applicable ethics rules, - Register its Special Interest Representatives with the institutions in which they carry out their activities as well as with the French “Répertoire des Représentants d’Intérêts” (Special Interest Representatives Register) (décret n°2017-867 du 9 mai 2017 relatif au répertoire numérique des représentants d’intérêts),

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 the giving and receipt of gifts and hospitality. This addresses the risks associated with gifts and hospitality given to and/or received from domestic and foreign public officials. The company indicates that gifts and hospitality must be recorded.</p> <p>However, the policy does not specify financial or proportional limits or different approval procedures for different types of promotional expenses and there is no evidence that gifts and hospitality are recorded in a dedicated register or central depository that is accessible to those responsible for oversight of the process.</p>
Evidence
<p>[10] Gifts and Hospitality Principles Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/EN%20Principles%20Gift%20and%20Hospitality_0.pdf [p.1] In business, to offer or to receive gifts and hospitality is common practice, or even a business custom, to strengthen business relationships and, with some restrictions, is a lawful business practice.</p> <p>However, offering a gift or invitation, in particular to a Public Official, may constitute or be interpreted as an act of corruption or influence peddling.</p> <p>A gift means any undue advantage (monetary or otherwise), payment, service, donation offered to a third party or received from a third party.</p> <p>Invitations refer to any meal, accommodation, journey or trip (regardless of the type of transport) seminar, convention, trade fair or invitation to sporting or cultural events.</p> <p>Nexter must neither directly nor indirectly (i.e. through a third party) engage itself in any act of corruption or influence peddling.</p> <p>Furthermore, to accept or to offer gifts or hospitality may also raise the question of conflict of interest and the Group or its employees may be liable to accusations of unfairness or dishonesty.</p> <p>[p.2] Gifts and entertainment, whether offered or received by NEXTER, must comply with strict principles.</p> <ul style="list-style-type: none"> – Compliance with all laws and regulations: NEXTER complies with national and foreign regulations which limit or prohibit the reception or offering of gifts and entertainment, directly or indirectly, by their Public Officials. Nexter also respects rules established by others companies on gifts and invitation. <p>“Public Officials” shall mean any member of any public administration, regardless of their hierarchical position and whether they are French or foreign. Public officials are the custodians of public authority, employees of any government, persons entrusted with a public service mission, elected officials, etc...</p> <ul style="list-style-type: none"> – No undue advantage: The act of offering a gift or hospitality must not be carried out with the purpose of obtaining, in breach of the beneficiary’s duties, any undue benefit or any undue advantage designed to influence the outcome of a business decision. – Nature of gifts: Gifts and hospitality, offered or received, are permitted when they are symbolic; such as NEXTER’s marketing products. In all cases, gifts and invitations must comply with NEXTER’s Health and Safety rules and respect human dignity.

- Reasonable value: Gifts or hospitality, offered or received, should be considered as a form of courtesy. Their value must always remain within reasonable limits.
- In Nexter's name: Gifts and invitations are offered on behalf of NEXTER and are paid for by NEXTER. Employees are not entitled to commission a third party to offer a gift or hospitality on behalf of NEXTER, in particular with the aim of circumventing the rules set forth in this policy.
- Professional environment: Invitations to events must be offered within a professional environment and in no case represent a personal benefit for the invited person.
- Frequency: Gifts and entertainment received by or offered to a third party must remain exceptional.
- Circumstances: Offering or receiving a gift or invitation is prohibited at critical moments in a decision or acquisition process: during a call for tender, just before or after the signing of a contract, or when a contract comes up for renegotiation, if a complaint is in the process of being handled, etc.
- Transparency: All expenses and supporting documents associated with the gifts and hospitality must be recorded in accounting books and approved in line with the Professional Expenses policy, the delegation of authority rules and accounting rules. As much as possible, we recommend that you use the purchasing process and issue a purchase order for complete transparency.

[1] Integrity (webpage)

Accessed 21/12/2019

<https://www.nexter-group.fr/en/integrity.html>

GIFTS AND INVITATIONS PRINCIPLES

In the business environment, offering or receiving gifts or invitations is a common and legal practice, subject to certain restrictions. Offering gifts and invitations, especially with a public official, may be perceived or seem like corruption.

In order to avoid misinterpretation and risks, the Gifts and Invitations Policy strictly regulates gift giving and receiving. While not prohibited, gifts and invitations must in no case be made for the purpose of obtaining any undue advantage or influencing the outcome of a decision. Their amount must be reasonable, their occurrence must be exceptional and they must be strictly professional.

[7] KNDS Ethics Charter

Accessed 21/12/2019

<https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf>

[p.9] 1.2.5 Gifts and Hospitality Employees may only offer or receive gifts or advantages in conformity with local laws and in compliance with internal policies.

When offered, such gifts or advantages must be strictly limited to expressions of courtesy, and must not be made for the purpose of influencing behaviour or remunerating a service. Any gift or invitation offered in the context of a business relationship must not be presented under conditions that might be seen to be dubious. Such expenses are duly listed and entered into the financial accounts.

Employees must not accept gifts, travel, meals or other benefits from third parties that could affect their objectivity and professional judgement. Any gifts, hospitality or other benefits that the employee considers to be a bribe must be refused.

[8] Code of Conduct

Accessed 21/12/2019

<https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf>

[p.6] Gifts and invitations

Gift: means any benefit (monetary or otherwise), payment, service or donation offered to third parties or received from a third party of any kind whatsoever. Invitation: corresponds to any meal, accommodation, travel or trip, regardless of the mode of transport, seminar, convention, exhibition, invitation to sports or cultural events, whether offered or received.

In the business world, offering or receiving gifts or invitations is a common and legal practice, according to applicable legislation. But offering a gift or invitation, including to a public official, may be considered or constitute an act of corruption or influence peddling. The Gifts and Invitations Policy strictly regulates the giving or receiving of gifts and invitations, which should under no circumstances be done in order to obtain any benefit or influence the outcome of a business decision.

In any event, gifts and invitations must be made in accordance with the law and rules applicable to the recipient.

The criteria for knowing whether it is possible to offer a gift or an invitation include, the applicable law, the nature and value of the gifts and invitations, their frequency, the circumstances in which they are made, and transparency towards line management.

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 some evidence that the company has a purchasing department, which is involved, in some capacity, in the establishment and oversight of supplier relationships.</p> <p>However, there are limited details available regarding the role of the purchasing department and its interaction with business units. For example, the company does not state that the involvement of the purchasing department is required for establishing any new suppliers over a certain threshold. It is not clear that the purchasing department is the main body responsible for oversight of the company's supplier base and there is no evidence that the company assures itself of the purchasing department's involvement at least every three years.</p>
Evidence
<p>[3] Commitments (webpage) Accessed 22 June 2019 https://www.nexter-group.fr/en/nos-engagements.html SUPPLIER RELATIONS</p> <p>Development of partnerships with our suppliers</p> <p>We have integrated the need for a long-term relationship with our suppliers into our overall purchasing strategy. The quality of this relationship is a strategic element of end customer satisfaction. Establishing the most transparent possible climate of trust with our suppliers is at the heart of our concerns.</p> <p>The Purchasing Department wants to drive a collaborative relationship. Indeed, our purchasing policy allows the selection of the best suppliers, based on reciprocal commitments and a precise definition of the responsibilities and associated risks. Suppliers are thus involved in achieving our company's quality, cost, time and performance objectives.</p> <p>We are committed to promoting the French industrial fabric, representing more than 85% of our annual purchasing commitments. We also pay special attention to SMEs that make up 40% of our panel. This attention is materialized by a 30-day payment term policy, by the prevention of economic dependency and by the creation of a "Progress and Supplier Relations" service, dedicated to the deployment and monitoring of good supplier customer relations practices.</p> <p>In this context, we are adherents to and signatories of several charters and pacts, to develop and perfect partnerships with our suppliers, particularly with SMEs:</p> <ul style="list-style-type: none"> • the SME Pact (https://www.pactepme.org/) • the SME Defense Pact / Bilateral Agreement MOI / MINARM (http://www.achats.defense.gouv.fr/Pacte-Defense-PME.141145) • the Innovative SME Charter • Responsible Supplier Relations Charter, of which Nexter is a signatory (http://www.relations-fournisseur-responsables.fr/le-label-relationsfournisseur-responsables/) <p>These commitments aim to bring together major customers to discuss best practices around five major topics: innovation, the adaptation of rules, the effects of levers, governance and partnership relations with their SME / SMI suppliers.</p> <p>In view of these commitments, the presence of an internal mediator contributes to the improvement of equitable relations and partnerships with our suppliers. In the event of a dispute between a supplier and this latter's interlocutor, and after unsuccessfully attempting to resolve the dispute with the interlocutor or any other relevant</p>

contact within the group, the supplier may refer the matter to the internal mediator to find a solution acceptable to both parties.

Lastly, an acquisition ethics charter has been in force since 2015. It is divided into two parts: one for the players of the acquisition process, the other for suppliers. It aims to remind everyone of the fundamental principles to ensure business climate sustainability.

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
1
Comments
<p>The company has formal procedures to conduct due diligence on its suppliers, which include checks on ultimate beneficial ownership. There is also evidence to suggest that the highest risk suppliers are subject to enhanced due diligence</p> <p>However, it is unclear whether due diligence is repeated after onboarding and if so how frequently. There is also no evidence to suggest that the company might be willing to review and/or terminate supplier relationships in circumstances where a red flag highlighted in the due diligence process cannot be mitigated.</p>
Evidence
<p>[9] Third Parties and Sales Partners Principles Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Principes%20%C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20EN.pdf [p.1] Knowing our third parties, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption.</p> <p>Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter’s integrity commitment. These policies are applicable to all of Nexter’s third parties and sales partners. Third parties are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company’s requirements.</p> <p>In each case, the verification process is adapted to the level of risk identified. Throughout this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered and the amount of the considered transaction. Furthermore, inquiries are led in order to evaluate the company’s financial situation, identify ultimate beneficial owners, assess the reputation of the company and that of its Directors and management in local and international business circles, and verify potential criminal records.</p> <p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html Knowing our Partners</p> <p>Knowing our Partners, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption. Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter’s integrity commitment.</p> <p>Partners are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company’s requirements. In this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered, identification of the ultimate beneficial owners and potential criminal records or negative press.</p> <p>All agreements with third-parties contain a strict and complete compliance clause, which includes anticorruption duties and obligations to our third parties.</p> <p>Contracting with sales partners (also called intermediaries, business consultants and distributors) may pose specific risks. For these reasons Nexter has implemented a strict policy governing the selection, verification and payment, if any, of this type of partner.</p> <p>[8] Code of Conduct</p>

Accessed 21/12/2019

<https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf>

[p.5] To effectively prevent corruption, Nexter has implemented various processes to regulate its activities. Employees must apply them daily in their work.

Selecting partners

Knowing your partners, whether they be suppliers, clients, customers, intermediaries, industrial partners, joint ventures, consultants or any other third parties, is essential to prevent the risk of corruption, including indirect corruption.

[p.6] Nexter's principles are applicable to all its partners, and the company has put in place specific and rigorous policies for selecting partners, to ensure that they are reliable and comply with Nexter's integrity requirements.

Partners are subject to pre-contractual checks, called "due diligence". Among other things, this is to check their reputation and ensure compliance of their business practices with Nexter requirements. All contracts concluded with these parties contain a clause requiring the contractual partner to comply with anti-corruption obligations.

[3] Commitments (webpage)

Accessed 22 June 2019

<https://www.nexter-group.fr/en/nos-engagements.html>

SUPPLIER RELATIONS

Development of partnerships with our suppliers

We have integrated the need for a long-term relationship with our suppliers into our overall purchasing strategy. The quality of this relationship is a strategic element of end customer satisfaction. Establishing the most transparent possible climate of trust with our suppliers is at the heart of our concerns.

The Purchasing Department wants to drive a collaborative relationship. Indeed, our purchasing policy allows the selection of the best suppliers, based on reciprocal commitments and a precise definition of the responsibilities and associated risks. Suppliers are thus involved in achieving our company's quality, cost, time and performance objectives.

We are committed to promoting the French industrial fabric, representing more than 85% of our annual purchasing commitments. We also pay special attention to SMEs that make up 40% of our panel. This attention is materialized by a 30-day payment term policy, by the prevention of economic dependency and by the creation of a "Progress and Supplier Relations" service, dedicated to the deployment and monitoring of good supplier customer relations practices.

In this context, we are adherents to and signatories of several charters and pacts, to develop and perfect partnerships with our suppliers, particularly with SMEs:

- the SME Pact (<https://www.pactepme.org/>)
- the SME Defense Pact / Bilateral Agreement MOI / MINARM (<http://www.achats.defense.gouv.fr/Pacte-Defense-PME,141145>)
- the Innovative SME Charter
- Responsible Supplier Relations Charter, of which Nexter is a signatory (<http://www.relations-fournisseur-responsables.fr/e-label-relationsfournisseur-responsables/>)

These commitments aim to bring together major customers to discuss best practices around five major topics: innovation, the adaptation of rules, the effects of levers, governance and partnership relations with their SME / SMI suppliers.

In view of these commitments, the presence of an internal mediator contributes to the improvement of equitable relations and partnerships with our suppliers. In the event of a dispute between a supplier and this latter's interlocutor, and after unsuccessfully attempting to resolve the dispute with the interlocutor or any other relevant contact within the group, the supplier may refer the matter to the internal mediator to find a solution acceptable to both parties.

Lastly, an acquisition ethics charter has been in force since 2015. It is divided into two parts: one for the players of the acquisition process, the other for suppliers. It aims to remind everyone of the fundamental principles to ensure business climate sustainability.

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>There is evidence that the company ensures that its suppliers have anti-bribery and corruption policies in place that meet a high standard. The company indicates that ensures this through the inclusion of anti-bribery and corruption clauses in its contracts with suppliers, and that prior to engaging suppliers it conducts an assessment of their business practices to ensure they meet its own standards.</p> <p>However, the company does not explicitly state that all suppliers must have, at least, policies that prohibit foreign and domestic bribery, prohibit facilitation payments, and/or policies that cover conflicts of interest, gifts & hospitality, or whistleblowing. Additionally, it is unclear whether the company assures itself of its suppliers' anti-bribery and corruption policies and procedures when there is a significant change in the business relationship.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html Knowing our Partners</p> <p>Knowing our Partners, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption. Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter's integrity commitment.</p> <p>Partners are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company's requirements. In this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered, identification of the ultimate beneficial owners and potential criminal records or negative press.</p> <p>All agreements with third-parties contain a strict and complete compliance clause, which includes anticorruption duties and obligations to our third parties.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.5] To effectively prevent corruption, Nexter has implemented various processes to regulate its activities. Employees must apply them daily in their work.</p> <p>Selecting partners</p> <p>Knowing your partners, whether they be suppliers, clients, customers, intermediaries, industrial partners, joint ventures, consultants or any other third parties, is essential to prevent the risk of corruption, including indirect corruption.</p> <p>[p.6] Nexter's principles are applicable to all its partners, and the company has put in place specific and rigorous policies for selecting partners, to ensure that they are reliable and comply with Nexter's integrity requirements.</p> <p>Partners are subject to pre-contractual checks, called "due diligence". Among other things, this is to check their reputation and ensure compliance of their business practices with Nexter requirements. All contracts concluded with these parties contain a clause requiring the contractual partner to comply with anti-corruption obligations.</p> <p>Concluding contracts with business partners (sometimes called business intermediaries, business consultants, or distributors) involves specific risks. Nexter has therefore implemented a very strict policy regulating the selection, verification and payment, where applicable, of this type of partner.</p>

[9] Third Parties and Sales Partners Principles

Accessed 21/12/2019

<https://www.nexter-group.fr/sites/default/files/Principes%20%C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20OEN.pdf>

[p.1] Knowing our third parties, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption.

Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter's integrity commitment. These policies are applicable to all of Nexter's third parties and sales partners. Third parties are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company's requirements.

In each case, the verification process is adapted to the level of risk identified. Throughout this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered and the amount of the considered transaction. Furthermore, inquiries are led in order to evaluate the company's financial situation, identify ultimate beneficial owners, assess the reputation of the company and that of its Directors and management in local and international business circles, and verify potential criminal records.

[3] Commitments (webpage)

Accessed 22 June 2019

<https://www.nexter-group.fr/en/nos-engagements.html>

SUPPLIER RELATIONS

Development of partnerships with our suppliers

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Lastly, an acquisition ethics charter has been in force since 2015. It is divided into two parts: one for the players of the acquisition process, the other for suppliers. It aims to remind everyone of the fundamental principles to ensure business climate sustainability.

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 the substance of its anti-bribery and corruption programme and standards is required throughout the supply chain.
Evidence
<p>[9] Third Parties and Sales Partners Principles Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Principes%20%C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20EN.pdf</p> <p>[p.1] Knowing our third parties, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption.</p> <p>Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter’s integrity commitment. These policies are applicable to all of Nexter’s third parties and sales partners. Third parties are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company’s requirements.</p> <p>In each case, the verification process is adapted to the level of risk identified. Throughout this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered and the amount of the considered transaction. Furthermore, inquiries are led in order to evaluate the company’s financial situation, identify ultimate beneficial owners, asses the reputation of the company and that of its Directors and management in local and international business circles, and verify potential criminal records.</p> <p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html Knowing our Partners</p> <p>Knowing our Partners, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption. Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter’s integrity commitment.</p> <p>Partners are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company’s requirements. In this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered, identification of the ultimate beneficial owners and potential criminal records or negative press.</p> <p>All agreements with third-parties contain a strict and complete compliance clause, which includes anti-corruption duties and obligations to our third parties.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.5] To effectively prevent corruption, Nexter has implemented various processes to regulate its activities. Employees must apply them daily in their work.</p> <p>Selecting partners</p>

Knowing your partners, whether they be suppliers, clients, customers, intermediaries, industrial partners, joint ventures, consultants or any other third parties, is essential to prevent the risk of corruption, including indirect corruption.

[p.6] Nexter's principles are applicable to all its partners, and the company has put in place specific and rigorous policies for selecting partners, to ensure that they are reliable and comply with Nexter's integrity requirements.

Partners are subject to pre-contractual checks, called "due diligence". Among other things, this is to check their reputation and ensure compliance of their business practices with Nexter requirements. All contracts concluded with these parties contain a clause requiring the contractual partner to comply with anti-corruption obligations.

Concluding contracts with business partners (sometimes called business intermediaries, business consultants, or distributors) involves specific risks. Nexter has therefore implemented a very strict policy regulating the selection, verification and payment, where applicable, of this type of partner.

[3] Commitments (webpage)

Accessed 22 June 2019

<https://www.nexter-group.fr/en/nos-engagements.html>

SUPPLIER RELATIONS

Development of partnerships with our suppliers

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- Responsible Supplier Relations Charter, of which Nexter is a signatory (<http://www.relations-fournisseur-responsables.fr/le-label-relationsfournisseur-responsables/>)

These commitments aim to bring together major customers to discuss best practices around five major topics: innovation, the adaptation of rules, the effects of levers, governance and partnership relations with their SME / SMI suppliers.

In view of these commitments, the presence of an internal mediator contributes to the improvement of equitable relations and partnerships with our suppliers. In the event of a dispute between a supplier and this latter's interlocutor, and after unsuccessfully attempting to resolve the dispute with the interlocutor or any other relevant contact within the group, the supplier may refer the matter to the internal mediator to find a solution acceptable to both parties.

Lastly, an acquisition ethics charter has been in force since 2015. It is divided into two parts: one for the players of the acquisition process, the other for suppliers. It aims to remind everyone of the fundamental principles to ensure business climate sustainability.

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 relating to its suppliers, or the associated disciplinary actions.
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
1
Comments
<p>The company has a clear policy and procedure to control the use of agents which addresses the corruption risks associated with the use of agents and provides details of specific controls to mitigate these risks.</p> <p>However, the company does not explicitly commit to establishing and verifying that the use of agents is, in each case, necessary to perform a legitimate business function. It is also not specified whether this policy applies to subsidiaries and joint ventures.</p>
Evidence
<p>[9] Third Parties and Sales Partners Principles Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Principes%20%C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20EN.pdf</p> <p>[p.2] Contracting with Sales Partners (also called intermediaries, business consultants, distributors) may, in some cases, increase the potential risk of indirect corruption or influence-peddling. For this reason, Nexter has implemented a strict policy governing the selection, verification and payment, if any, of these types of partners.</p> <p>A “Sales Partner” is a company or any other legal entity which is hired to guide, promote, assist and support, directly or indirectly, Nexter’s prospection activities, marketing and development strategy.</p> <p>In its third parties selection process, Nexter follows a number of principles to assure itself of the third party’s integrity and of the sustainability of the potential relationship. When it comes to Sales Partners the verification process is broadened. When entering into a business relationship or at contract renewal, an extensive review is led to establish if the Sales Partner’s experience, expertise and integrity meet Nexter’s expectations. No services can be rendered by the Sales Partner until these reviews have been finalised by the Compliance Department and a contract has been signed in due form.</p> <p>Nexter only works in collaboration with qualified, exemplary, law abiding third parties with whom entering into a business relationship does not risk creating, or being perceived as creating, a conflict of interest with either its employees, clients or public agents.</p> <p>Unless exceptional circumstances prevail, Sales Partners must be established and paid in the country where the services are rendered. Remuneration must be consistent with the services to be rendered, their complexity and duration.</p> <p>Remuneration defined on an hourly or daily basis is considered less risky than remuneration based on sales volume or the award of a sales contract. No payment can be undertaken without a review by the Sales, Legal and Compliance and Finance Departments of documentation ensuring that the services have effectively been rendered.</p> <p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html Knowing our Partners</p> <p>Knowing our Partners, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption.</p>

Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter's integrity commitment.

Partners are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company's requirements. In this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered, identification of the ultimate beneficial owners and potential criminal records or negative press.

All agreements with third-parties contain a strict and complete compliance clause, which includes anticorruption duties and obligations to our third parties.

Contracting with sales partners (also called intermediaries, business consultants and distributors) may pose specific risks. For these reasons Nexter has implemented a strict policy governing the selection, verification and payment, if any, of this type of partner.

[7] KNDS Ethics Charter

Accessed 21/12/2019

<https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf>

[p.9] 1.2.4 Working with Sales Partners Sales partners are third parties providing sales and marketing services in a defined territory relating to specific company activities, who may act for or on behalf of KNDS or its subsidiaries, and who may be in contact with potential or existing customers or with any public or private authorities.

To prevent public and private corruption, the use of sales partners is strictly governed by internal procedures. This ethics charter will be made applicable to sales partners as referred to herein.

[8] Code of Conduct

Accessed 21/12/2019

<https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf>

[p.5] To effectively prevent corruption, Nexter has implemented various processes to regulate its activities. Employees must apply them daily in their work.

Selecting partners

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Partners are subject to pre-contractual checks, called "due diligence". Among other things, this is to check their reputation and ensure compliance of their business practices with Nexter requirements. All contracts concluded with these parties contain a clause requiring the contractual partner to comply with anti-corruption obligations.

Concluding contracts with business partners (sometimes called business intermediaries, business consultants, or distributors) involves specific risks. Nexter has therefore implemented a very strict policy regulating the selection, verification and payment, where applicable, of this type of partner.

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>There is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to engaging with agents and intermediaries.</p> <p>However, the company does not explicitly state that agents and highest risk intermediaries are subject to enhanced due diligence. It is also unclear whether the company repeats due diligence when it re-engages agents and intermediaries, or how frequently its due diligence is reviewed.</p>
Evidence
<p>[9] Third Parties and Sales Partners Principles Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Principes%20%C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20EN.pdf</p> <p>[p.2] Contracting with Sales Partners (also called intermediaries, business consultants, distributors) may, in some cases, increase the potential risk of indirect corruption or influence-peddling. For this reason, Nexter has implemented a strict policy governing the selection, verification and payment, if any, of these types of partners.</p> <p>A "Sales Partner" is a company or any other legal entity which is hired to guide, promote, assist and support, directly or indirectly, Nexter's prospection activities, marketing and development strategy.</p> <p>In its third parties selection process, Nexter follows a number of principles to assure itself of the third party's integrity and of the sustainability of the potential relationship. When it comes to Sales Partners the verification process is broadened. When entering into a business relationship or at contract renewal, an extensive review is led to establish if the Sales Partner's experience, expertise and integrity meet Nexter's expectations. No services can be rendered by the Sales Partner until these reviews have been finalised by the Compliance Department and a contract has been signed in due form.</p> <p>Nexter only works in collaboration with qualified, exemplary, law abiding third parties with whom entering into a business relationship does not risk creating, or being perceived as creating, a conflict of interest with either its employees, clients or public agents.</p> <p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html Knowing our Partners</p> <p>Knowing our Partners, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption. Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter's integrity commitment.</p> <p>Partners are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company's requirements. In this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered, identification of the ultimate beneficial owners and potential criminal records or negative press.</p> <p>All agreements with third-parties contain a strict and complete compliance clause, which includes anticorruption duties and obligations to our third parties.</p> <p>Contracting with sales partners (also called intermediaries, business consultants and distributors) may pose specific risks. For these reasons Nexter has implemented a strict policy governing the selection, verification</p>

and payment, if any, of this type of partner.

[8] Code of Conduct

Accessed 21/12/2019

<https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf>

[p.5] To effectively prevent corruption, Nexter has implemented various processes to regulate its activities. Employees must apply them daily in their work.

Selecting partners

Knowing your partners, whether they be suppliers, clients, customers, intermediaries, industrial partners, joint ventures, consultants or any other third parties, is essential to prevent the risk of corruption, including indirect corruption.

[p.6] Nexter's principles are applicable to all its partners, and the company has put in place specific and rigorous policies for selecting partners, to ensure that they are reliable and comply with Nexter's integrity requirements.

Partners are subject to pre-contractual checks, called "due diligence". Among other things, this is to check their reputation and ensure compliance of their business practices with Nexter requirements. All contracts concluded with these parties contain a clause requiring the contractual partner to comply with anti-corruption obligations.

Concluding contracts with business partners (sometimes called business intermediaries, business consultants, or distributors) involves specific risks. Nexter has therefore implemented a very strict policy regulating the selection, verification and payment, where applicable, of this type of partner.

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
0
Comments
<p>There is some evidence that the company aim to identify the beneficial ownership of its agents and intermediaries. However, there is no publicly available evidence that the company commits to not engaging or terminating its engagement with agents or intermediaries if beneficial ownership cannot be established.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html Knowing our Partners</p> <p>Knowing our Partners, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption. Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter’s integrity commitment.</p> <p>Partners are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company’s requirements. In this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered, identification of the ultimate beneficial owners and potential criminal records or negative press.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.5] To effectively prevent corruption, Nexter has implemented various processes to regulate its activities. Employees must apply them daily in their work.</p> <p>Selecting partners</p> <p>Knowing your partners, whether they be suppliers, clients, customers, intermediaries, industrial partners, joint ventures, consultants or any other third parties, is essential to prevent the risk of corruption, including indirect corruption.</p> <p>[p.6] Nexter’s principles are applicable to all its partners, and the company has put in place specific and rigorous policies for selecting partners, to ensure that they are reliable and comply with Nexter’s integrity requirements.</p> <p>Partners are subject to pre-contractual checks, called "due diligence". Among other things, this is to check their reputation and ensure compliance of their business practices with Nexter requirements. All contracts concluded with these parties contain a clause requiring the contractual partner to comply with anti-corruption obligations.</p> <p>Concluding contracts with business partners (sometimes called business intermediaries, business consultants, or distributors) involves specific risks. Nexter has therefore implemented a very strict policy regulating the selection, verification and payment, where applicable, of this type of partner.</p> <p>[9] Third Parties and Sales Partners Principles Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Principes%20C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20EN.pdf [p.1] Knowing our third parties, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption.</p>

Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter's integrity commitment. These policies are applicable to all of Nexter's third parties and sales partners. Third parties are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company's requirements.

In each case, the verification process is adapted to the level of risk identified. Throughout this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered and the amount of the considered transaction. Furthermore, inquiries are led in order to evaluate the company's financial situation, identify ultimate beneficial owners, assess the reputation of the company and that of its Directors and management in local and international business circles, and verify potential criminal records.

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 includes anti-bribery and corruption clauses in its contracts with third parties, however, there is no publicly available evidence to suggest that it includes audit and termination rights in its contracts with these entities.
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html</p> <p>The Code of Conduct is attached to Company rules of procedure. The content of the Code of Conduct is based on an analysis of the potential risks linked to business activities. This Code of Conduct enables employees to identify complex situations and be fully prepared to apprehend them. It guides employees by providing them with precise definitions and concrete examples, as well as elements of behaviour and responses when facing a difficult situation. The Code of Conduct is made available in educational booklet format for employees and all third parties of the company.</p> <p>Knowing our Partners</p> <p>Knowing our Partners, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption. Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter's integrity commitment.</p> <p>Partners are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company's requirements. In this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered, identification of the ultimate beneficial owners and potential criminal records or negative press.</p> <p>All agreements with third-parties contain a strict and complete compliance clause, which includes anticorruption duties and obligations to our third parties.</p> <p>Contracting with sales partners (also called intermediaries, business consultants and distributors) may pose specific risks. For these reasons Nexter has implemented a strict policy governing the selection, verification and payment, if any, of this type of partner.</p> <p>[9] Third Parties and Sales Partners Principles Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Principes%20%C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20EN.pdf</p> <p>[p.2] Contracting with Sales Partners (also called intermediaries, business consultants, distributors) may, in some cases, increase the potential risk of indirect corruption or influence-peddling. For this reason, Nexter has implemented a strict policy governing the selection, verification and payment, if any, of these types of partners.</p> <p>A "Sales Partner" is a company or any other legal entity which is hired to guide, promote, assist and support, directly or indirectly, Nexter's prospection activities, marketing and development strategy.</p> <p>In its third parties selection process, Nexter follows a number of principles to assure itself of the third party's integrity and of the sustainability of the potential relationship. When it comes to Sales Partners the verification process is broadened. When entering into a business relationship or at contract renewal, an extensive review is led to establish if the Sales Partner's experience, expertise and integrity meet Nexter's expectations. No services can</p>

be rendered by the Sales Partner until these reviews have been finalised by the Compliance Department and a contract has been signed in due form.

Nexter only works in collaboration with qualified, exemplary, law abiding third parties with whom entering into a business relationship does not risk creating, or being perceived as creating, a conflict of interest with either its employees, clients or public agents.

Unless exceptional circumstances prevail, Sales Partners must be established and paid in the country where the services are rendered. Remuneration must be consistent with the services to be rendered, their complexity and duration.

Remuneration defined on an hourly or daily basis is considered less risky than remuneration based on sales volume or the award of a sales contract. No payment can be undertaken without a review by the Sales, Legal and Compliance and Finance Departments of documentation ensuring that the services have effectively been rendered.

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
1
Comments
<p>There is evidence that the company highlights and addresses incentive structures for agents as a factor in bribery and corruption risk. The company indicates that agents must be paid in local bank accounts, and acknowledges that sales commissions are a higher risk form of remuneration.</p> <p>However, there is no evidence that the company imposes a threshold on the payment of sales commissions to agents, and there is no requirement that remuneration is paid in stage payments.</p>
Evidence
<p>[9] Third Parties and Sales Partners Principles Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Principes%20%C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20EN.pdf</p> <p>[p.2] Contracting with Sales Partners (also called intermediaries, business consultants, distributors) may, in some cases, increase the potential risk of indirect corruption or influence-peddling. For this reason, Nexter has implemented a strict policy governing the selection, verification and payment, if any, of these types of partners.</p> <p>A “Sales Partner” is a company or any other legal entity which is hired to guide, promote, assist and support, directly or indirectly, Nexter’s prospection activities, marketing and development strategy.</p> <p>[...]</p> <p>Unless exceptional circumstances prevail, Sales Partners must be established and paid in the country where the services are rendered. Remuneration must be consistent with the services to be rendered, their complexity and duration.</p> <p>Remuneration defined on an hourly or daily basis is considered less risky than remuneration based on sales volume or the award of a sales contract. No payment can be undertaken without a review by the Sales, Legal and Compliance and Finance Departments of documentation ensuring that the services have effectively been rendered.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf</p> <p>[p.5] To effectively prevent corruption, Nexter has implemented various processes to regulate its activities. Employees must apply them daily in their work.</p> <p>Selecting partners</p> <p>[...]</p> <p>Concluding contracts with business partners (sometimes called business intermediaries, business consultants, or distributors) involves specific risks. Nexter has therefore implemented a very strict policy regulating the selection, verification and payment, where applicable, of this type of partner.</p>

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
The company does not publish any details of the agents currently contracted to act for and/or on behalf of the company.
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
1
Comments
<p>There is evidence that the company has formal procedures to conduct due diligence on its joint venture partners. The company indicates that its procedures include identifying the ultimate beneficial ownership of its partners.</p> <p>However, there is no evidence to suggest that joint ventures operating in high risk markets or with high risk partners, such as state-owned enterprises, are subject to enhanced due diligence. It is also unclear whether or how frequently due diligence on joint venture partners is repeated.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html Knowing our Partners</p> <p>Knowing our Partners, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption. Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter’s integrity commitment.</p> <p>Partners are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company's requirements. In this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered, identification of the ultimate beneficial owners and potential criminal records or negative press.</p> <p>All agreements with third-parties contain a strict and complete compliance clause, which includes anticorruption duties and obligations to our third parties.</p> <p>Contracting with sales partners (also called intermediaries, business consultants and distributors) may pose specific risks. For these reasons Nexter has implemented a strict policy governing the selection, verification and payment, if any, of this type of partner.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf [p.5] To effectively prevent corruption, Nexter has implemented various processes to regulate its activities. Employees must apply them daily in their work.</p> <p>Selecting partners</p> <p>Knowing your partners, whether they be suppliers, clients, customers, intermediaries, industrial partners, joint ventures, consultants or any other third parties, is essential to prevent the risk of corruption, including indirect corruption.</p> <p>[p.6] Nexter’s principles are applicable to all its partners, and the company has put in place specific and rigorous policies for selecting partners, to ensure that they are reliable and comply with Nexter’s integrity requirements.</p> <p>Partners are subject to pre-contractual checks, called "due diligence". Among other things, this is to check their reputation and ensure compliance of their business practices with Nexter requirements. All contracts concluded with these parties contain a clause requiring the contractual partner to comply with anti-corruption obligations.</p>

Concluding contracts with business partners (sometimes called business intermediaries, business consultants, or distributors) involves specific risks. Nexter has therefore implemented a very strict policy regulating the selection, verification and payment, where applicable, of this type of partner.

[9] Third Parties and Sales Partners Principles

Accessed 21/12/2019

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[group.fr/sites/default/files/Principes%20%C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20EN.pdf](https://www.nexter-groupe.fr/sites/default/files/Principes%20%C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20EN.pdf)

[p.1] Knowing our third parties, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption.

Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter's integrity commitment. These policies are applicable to all of Nexter's third parties and sales partners. Third parties are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company's requirements.

In each case, the verification process is adapted to the level of risk identified. Throughout this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered and the amount of the considered transaction. Furthermore, inquiries are led in order to evaluate the company's financial situation, identify ultimate beneficial owners, assess the reputation of the company and that of its Directors and management in local and international business circles, and verify potential criminal records.

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
1
Comments
<p>There is some evidence that the company accounts for anti-bribery and corruption considerations when entering into a joint venture, through the inclusion of anti-corruption clauses and obligations in its contracts with them.</p> <p>However, it is unclear how it ensures this in practice and it does not specify that it takes steps to detect, control and prevent breaches through the inclusion of audit and termination rights in its contracts with its partners.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html Knowing our Partners</p> <p>Knowing our Partners, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption. Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter’s integrity commitment.</p> <p>Partners are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company’s requirements. In this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered, identification of the ultimate beneficial owners and potential criminal records or negative press.</p> <p>All agreements with third-parties contain a strict and complete compliance clause, which includes anticorruption duties and obligations to our third parties.</p> <p>Contracting with sales partners (also called intermediaries, business consultants and distributors) may pose specific risks. For these reasons Nexter has implemented a strict policy governing the selection, verification and payment, if any, of this type of partner.</p> <p>[8] Code of Conduct Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf</p> <p>[p.5] To effectively prevent corruption, Nexter has implemented various processes to regulate its activities. Employees must apply them daily in their work.</p> <p>Selecting partners</p> <p>Knowing your partners, whether they be suppliers, clients, customers, intermediaries, industrial partners, joint ventures, consultants or any other third parties, is essential to prevent the risk of corruption, including indirect corruption.</p> <p>[p.6] Nexter’s principles are applicable to all its partners, and the company has put in place specific and rigorous policies for selecting partners, to ensure that they are reliable and comply with Nexter’s integrity requirements.</p> <p>Partners are subject to pre-contractual checks, called "due diligence". Among other things, this is to check their reputation and ensure compliance of their business practices with Nexter requirements. All contracts concluded with these parties contain a clause requiring the contractual partner to comply with anti-corruption obligations.</p>

Concluding contracts with business partners (sometimes called business intermediaries, business consultants, or distributors) involves specific risks. Nexter has therefore implemented a very strict policy regulating the selection, verification and payment, where applicable, of this type of partner.

[9] Third Parties and Sales Partners Principles

Accessed 21/12/2019

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[group.fr/sites/default/files/Principes%20%C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20EN.pdf](https://www.nexter-group.fr/sites/default/files/Principes%20%C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20EN.pdf)

[p.1] Knowing our third parties, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption.

Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter's integrity commitment. These policies are applicable to all of Nexter's third parties and sales partners. Third parties are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company's requirements.

In each case, the verification process is adapted to the level of risk identified. Throughout this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered and the amount of the considered transaction. Furthermore, inquiries are led in order to evaluate the company's financial situation, identify ultimate beneficial owners, assess the reputation of the company and that of its Directors and management in local and international business circles, and verify potential criminal records.

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
<p>There is no evidence that the company commits to take an active role in preventing bribery and corruption in all of its joint ventures. While it includes anti-corruption contractual clauses in its contracts with its third parties, it does not provide any further public information on practical steps it might take to prevent bribery and corruption in its joint venture partnerships.</p>
Evidence
<p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html Knowing our Partners</p> <p>Knowing our Partners, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption. Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter's integrity commitment.</p> <p>Partners are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company's requirements. In this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered, identification of the ultimate beneficial owners and potential criminal records or negative press.</p> <p>All agreements with third-parties contain a strict and complete compliance clause, which includes anticorruption duties and obligations to our third parties.</p> <p>Contracting with sales partners (also called intermediaries, business consultants and distributors) may pose specific risks. For these reasons Nexter has implemented a strict policy governing the selection, verification and payment, if any, of this type of partner.</p>

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 publicly available evidence that the company addresses the corruption risks associated with offset contracting. There is no evidence that a dedicated body, department or team is responsible for monitoring of 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
1
Comments
<p>There is evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on its industrial partners, as part of its offset obligations. This process includes checks on beneficial ownership.</p> <p>However, the company does not specifically mention checks on conflicts of interest and there is no evidence that the company seeks to assure itself of the legitimacy of the investment. The company also does not state if or how frequently due diligence is repeated.</p>
Evidence
<p>[9] Third Parties and Sales Partners Principles Accessed 21/12/2019 https://www.nexter-group.fr/sites/default/files/Principes%20%C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20OEN.pdf [p.1] Knowing our third parties, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption.</p> <p>Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter’s integrity commitment. These policies are applicable to all of Nexter’s third parties and sales partners. Third parties are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company’s requirements.</p> <p>In each case, the verification process is adapted to the level of risk identified. Throughout this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered and the amount of the considered transaction. Furthermore, inquiries are led in order to evaluate the company’s financial situation, identify ultimate beneficial owners, assess the reputation of the company and that of its Directors and management in local and international business circles, and verify potential criminal records.</p> <p>[1] Integrity (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/integrity.html Knowing our Partners</p> <p>Knowing our Partners, whether they are suppliers, customers, intermediaries, industrial partners, joint ventures or any other third parties, is essential to prevent the risk of corruption, particularly indirect corruption. Nexter has implemented specific and rigorous policies to select its third parties, ensuring their reliability and compliance with Nexter’s integrity commitment.</p> <p>Partners are subject to pre-contract checks, called "due diligence", among other things to verify their good reputation and to ensure that their business practices comply with the company’s requirements. In this process, a great number of criteria is taken into account; notably but not limited to, country risk, market risk, the type of relationship considered, identification of the ultimate beneficial owners and potential criminal records or negative press.</p> <p>All agreements with third-parties contain a strict and complete compliance clause, which includes anticorruption duties and obligations to our third parties.</p> <p>Contracting with sales partners (also called intermediaries, business consultants and distributors) may pose specific risks. For these reasons Nexter has implemented a strict policy governing the selection, verification and payment, if any, of this type of partner.</p>

[8] Code of Conduct

Accessed 21/12/2019

<https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Nexter%20Group.pdf>

[p.5] To effectively prevent corruption, Nexter has implemented various processes to regulate its activities. Employees must apply them daily in their work.

Selecting partners

Knowing your partners, whether they be suppliers, clients, customers, intermediaries, industrial partners, joint ventures, consultants or any other third parties, is essential to prevent the risk of corruption, including indirect corruption.

[p.6] Nexter's principles are applicable to all its partners, and the company has put in place specific and rigorous policies for selecting partners, to ensure that they are reliable and comply with Nexter's integrity requirements.

Partners are subject to pre-contractual checks, called "due diligence". Among other things, this is to check their reputation and ensure compliance of their business practices with Nexter requirements. All contracts concluded with these parties contain a clause requiring the contractual partner to comply with anti-corruption obligations.

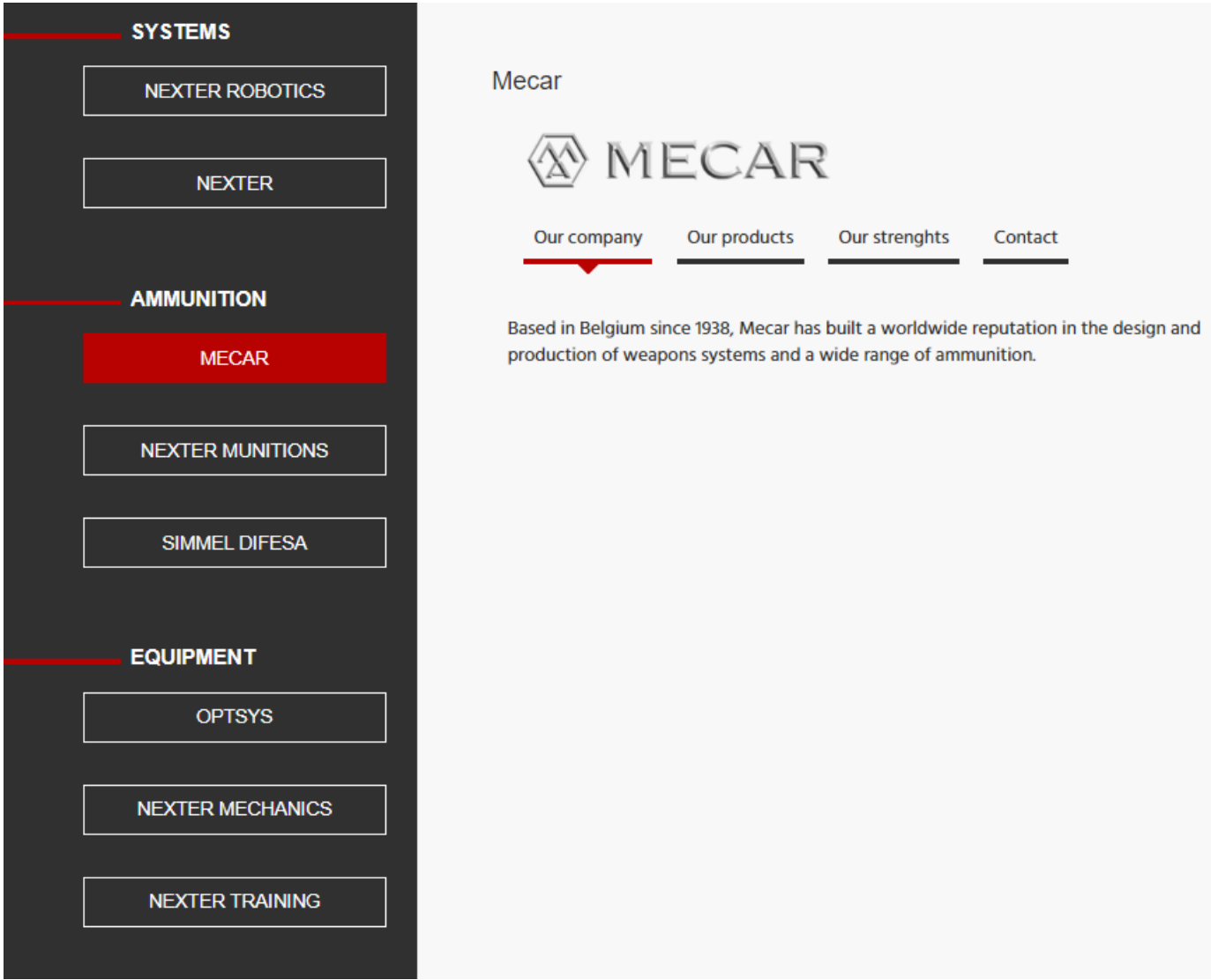
Concluding contracts with business partners (sometimes called business intermediaries, business consultants, or distributors) involves specific risks. Nexter has therefore implemented a very strict policy regulating the selection, verification and payment, where applicable, of this type of partner.

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
The company does not publish any details of the offset agents, brokers or consultancy firms currently contracted to act with and on behalf of the company's offset programme.
Evidence
No evidence found.


Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
0
Comments
The company does not publish any details of its offset obligations and/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
<p>There is no evidence that the company acknowledges the corruption risks of operating in different markets, or that risk assessment procedures are used to inform the company's operations in high risk markets. The description of the company's risk assessment procedure does not explicitly refer to country risk.</p>
Evidence
<p>[3] Commitments (webpage) Accessed 22/06/2019 https://www.nexter-group.fr/en/nos-engagements.html</p> <p>The group is permanently improving its risk management. Having drawn up a risk map, we have extracted the major risks given their impact, their probability of occurrence and the means implemented to limit them. In addition to this mapping, which is reviewed periodically, we carry out spot audits.</p> <p>To ensure good risk management, our company is systematically involved upstream in the negotiation of highstake contracts. We also handle the litigations and disputes of the group's companies.</p> <p>More generally, to better understand and limit the risks associated with our business, we rely on a set of systems: standards, quality organization, internal audits, safety of people, goods and the environment, access and document protection, external controls, etc.</p>

Question
9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?
Score
1
Comments
<p>The company publishes a list of subsidiaries on its website.</p> <p>However, it is not clear whether this is a complete list of the company’s holdings. The list also does not include the percentages owned, country of incorporation and/or countries of operation for each entity, nor is it accompanied by a statement that it is complete at the time of publication to the best of the company’s knowledge. It is unclear how frequently it is updated.</p>
Evidence
<p>[14] Nexter subsidiaries (webpage) Accessed 21/12/2019 https://www.nexter-group.fr/en/filiales/mecar.html</p> 

Question
9.3 Does the company disclose its beneficial ownership and control structure?
Score
1
Comments
<p>The company discloses some details on persons or entities with significant holdings in the company.</p> <p>However, it does not refer to relevant individuals by name along with their percentage ownership in the company or any accompanying details necessary to identify natural persons. The company only discloses its ownership on its website and not in a freely available central public register or in open data format; it is also not publicly listed on a stock exchange.</p>
Evidence
<p>[4] About us (webpage) Accessed 22/06/2019 https://www.nexter-group.fr/en/qui-sommes-nous.html</p> <pre> graph LR FS[French State] -- 100% --> GIAT[GIAT industries] WF[Wegmann Family] -- 100% --> WG[Wegmann & CO GMBH] GIAT -- 50% --> KND[KND S KMW + NEXTER] WG -- 50% --> KND KND -- 100% --> nexter KND -- 100% --> KMW FS -.-> GS[GOLDEN SHARE] GS -.-> nexter </pre>

Question
9.4 Does the company publish a percentage breakdown of its defence sales by customer?
Score
0
Comments
The company does not publish details of its defence sales by customer. On its website, the company says that over 100 armies use its equipment, but details regarding its customer base are not publicly available.
Evidence
<p>[5] Website home page (webpage) Accessed 22/06/2019 https://www.nexter-group.fr/en</p> 

10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score
0
Comments
The company does not publish details of its shareholder voting rights. On its website, the company indicates that the French state has a golden share in the company. However, it does not provide further information on the shareholder voting rights this confers and how this might differ from other shareholders.
Evidence
<p>[4] About us (webpage) Accessed 22/06/2019 https://www.nexter-group.fr/en/qui-sommes-nous.html</p> <pre> graph LR FS[French State] -- 100% --> GIAT[GIAT industries] WF[Wegmann Family] -- 100% --> WCO[Wegmann & CO GMBH] GIAT -- 50% --> KND[KND S KMW + nexter] WCO -- 50% --> KND KND -- 100% --> nexter KND -- 100% --> KMW FS -.-> GOLDEN SHARE KND </pre>

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
0
Comments
The company does not publish its commercial or public policy objectives.
Evidence
<p>[5] Website home page (webpage) Accessed 22/06/2019 https://www.nexter-group.fr/en</p> <p>OUR STRATEGY</p> <p>TO SERVE AND SATISFY the French Forces</p> <p>TO STRENGTHEN the company through an increased volume of export customer activity</p> <p>TO MAKE KNDS the European industrial champion of land defense</p>

Question

10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?

Score

0

Comments

On its website, the company provides the names of its senior management team only and does not list any board members. The governance structure between the company and its parent company, KNDS, is not fully clear from the public domain. Neither the company nor KNDS provide information on their websites regarding the nomination and appointment processes for directors. KNDS does not provide clear information about the composition of its board, for example whether each board member is: a financial beneficiary; an executive; a state representative; or an independent director.

Evidence

[4] About us (webpage)
 Accessed 22/06/2019
<https://www.nexter-group.fr/en/qui-sommes-nous.html>



[6] About KNDS
 Accessed 22/06/2019
<https://www.knds.com/about-knds.html>

**KNDS
MANAGEMENT BOARD**



Frank Haun
Co-CEO - KNDS
Chief Executive Officer - KMW

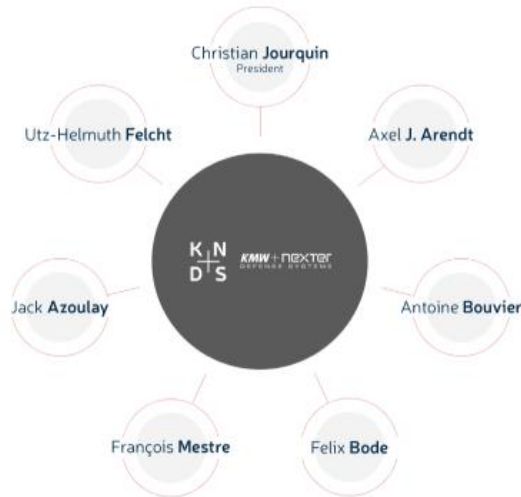


Stéphane Mayer
Co-CEO - KNDS
Chief Executive Officer and Chairman -
Nexter



Margaret Hill
Managing Director - KNDS

**KNDS
SUPERVISORY BOARD**



Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
0
Comments
Based on publicly available information, it is unclear whether the company has an audit committee. Although the company refers to audit reviews of its compliance programme, the company does not disclose information regarding its audit governance structure on its website.
Evidence
<p>[1] Integrity (webpage) Accessed 22/06/2019 https://www.nexter-group.fr/en/integrity.html MONITORING AND MANAGING</p> <p>Our compliance team is responsible for managing the anti-corruption program. Its role is to improve the compliance program in light of legislative and best practices changes and to monitor the application of third party auditing rules.</p> <p>The compliance program includes an internal control component to prevent risk in operations. In addition, the Internal Audit team conducts specific controls related to the program for the prevention of corruption, and in the event of anomalies, the compliance team makes the necessary improvements.</p> <p>The Ethics and Compliance Committee also ensures the proper implementation of the anti-corruption program. It meets twice a year in order to take stock of the system in place and make recommendations to improve it.</p> <p>[3] Commitments (webpage) Accessed 22/06/2019 https://www.nexter-group.fr/en/nos-engagements.html The group is permanently improving its risk management. Having drawn up a risk map, we have extracted the major risks given their impact, their probability of occurrence and the means implemented to limit them. In addition to this mapping, which is reviewed periodically, we carry out spot audits.</p> <p>To ensure good risk management, our company is systematically involved upstream in the negotiation of high stake contracts. We also handle the litigations and disputes of the group's companies.</p> <p>More generally, to better understand and limit the risks associated with our business, we rely on a set of systems: standards, quality organization, internal audits, safety of people, goods and the environment, access and document protection, external controls, etc.</p>

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
0
Comments
The company does not publish any details about its management of asset transactions.
Evidence
No evidence found.

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Webpage	Integrity	21/12/2019	https://www.nexter-group.fr/en/integrity.html
02	Webpage	Integrity	21/12/2019	https://www.nexter-group.fr/integrite.html
03	Webpage	Commitments	22/06/2019	https://www.nexter-group.fr/en/nos-engagements.html
04	Webpage	About us	22/06/2019	https://www.nexter-group.fr/en/qui-sommes-nous.html
05	Webpage	Website home page	22/06/2019	https://www.nexter-group.fr/en
06	Webpage	About KNDS	22/06/2019	https://www.knds.com/about-knds.html
07	Document	KNDS Ethics Charter	21/12/2019	https://www.nexter-group.fr/sites/default/files/KNDS%20Ethics%20Charter.pdf
08	Document	Code of Conduct	21/12/2019	https://www.nexter-group.fr/sites/default/files/Code%20of%20Conduct%20Next%20er%20Group.pdf
09	Document	Third Parties and Sales Partners Principles	21/12/2019	https://www.nexter-group.fr/sites/default/files/Principes%20%C3%A9valuation%20des%20parties%20tierces%20Groupe%20Nexter%20EN.pdf
10	Document	Gifts and Hospitality Principles	21/12/2019	https://www.nexter-group.fr/sites/default/files/EN%20Principles%20Gift%20and%20Hospitality_0.pdf
11	Document	Policy on Charitable Contributions and Sponsorship	21/12/2019	https://www.nexter-group.fr/sites/default/files/EN%20Principles%20Sponsorship.pdf
12	Document	Principles on Political Contributions	21/12/2019	https://www.nexter-group.fr/sites/default/files/EN%20principles%20political%20contribution.pdf
13	Document	Principles for Special Interest Representatives	21/12/2019	https://www.nexter-group.fr/sites/default/files/Principes%20repr%C3%A9sentant%20d'int%C3%A9r%C3%AAt%20EN.%20AG%2026.09.pdf
14	Webpage	Nexter subsidiaries	21/12/2019	https://www.nexter-group.fr/en/filiales/nexter-robotics.html