

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

FINAL ASSESSMENT

TELEPHONICS CORPORATION

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

*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
0
Comments
There is evidence that the company has a publicly stated commitment to anti-bribery and corruption, however there is no evidence that this statement is authorised and endorsed by the a senior leadership figure.
Evidence
<p>[1] Corporate ethics (webpage) Accessed 22/07/2019 https://www.telephonics.com/Corporate-Ethics Telephonics' success depends on more than our surveillance, communications, analysis and integration solutions; it is also critically dependent on compliance with our company's high legal and ethical standards when conducting business. Our commitment extends beyond compliance with laws and regulations. We strive to do what is right every day.</p> <p>[...]</p> <p>Anti-Corruption</p> <p>Telephonics strictly forbids bribery and corruption of any kind. Telephonics competes to win contracts on our merits alone. Integrity is a core company value and we must never sacrifice our ethical principles to win or keep business. No business is worth it.</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; b) All board members, including non-executive directors.</p>
Score
0
Comments
<p>The company publishes some anti-bribery and corruption guidance on its website, but it does not provide further details of specific controls that would constitute a comprehensive anti-bribery and corruption policy. Although the company states that it prohibits bribery and corruption, it does not address payments to public officials or facilitation payments, nor does it indicate that it applies to all employees and board members.</p>
Evidence
<p>[1] Corporate ethics (webpage) Accessed 22/07/2019 https://www.telephonics.com/Corporate-Ethics Corporate Ethics</p> <p>Through communications and training, the importance and expectation of ethical behavior and honesty are reinforced in each of our employees. Telephonics expects its employees and business associates to follow the below guidance to ensure that business is always conducted in an honest and ethical manner:</p> <ul style="list-style-type: none"> • Know and follow corporate policies and procedures • Seek proper guidance when unsure • Show respect for people and property • If something doesn't seem right, speak up <p>Anti-Corruption</p> <p>Telephonics strictly forbids bribery and corruption of any kind. Telephonics competes to win contracts on our merits alone. Integrity is a core company value and we must never sacrifice our ethical principles to win or keep business. No business is worth it.</p>

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
There is no evidence that the company has a designated board committee or individual board member responsible for its anti-bribery and corruption programme.
Evidence
No evidence found.

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
0
Comments
There is no evidence that a specific senior executive or managerial-level employee has ultimate responsibility for implementing and managing the company's anti-bribery and corruption programme.
Evidence
No evidence found.

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
0
Comments
There is no evidence that the company has a formal risk assessment procedure that is used to inform the company's anti-bribery and corruption programme.
Evidence
No evidence found.

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
0
Comments
There is no evidence that the company's anti-bribery and corruption programme is subject to audit or review.
Evidence
No evidence found.

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
0
Comments
There is no evidence that the company has a publicly stated procedure for dealing with bribery and corruption allegations, incidents or whistleblowing reports.
Evidence
No evidence found.

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 takes steps to assure itself of the quality of its internal investigations.
Evidence
No evidence found.

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, if necessary, to relevant authorities.
Evidence
No evidence found.

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption investigations or disciplinary actions involving its employees.
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 training on anti-bribery and corruption, which appears to include the whistleblowing options available to employees. However, it is unclear how frequently training is conducted and whether it is systematically provided to all employees across all divisions, all countries/regions of operation or in all appropriate languages.</p>
Evidence
<p>[1] Corporate ethics (webpage) Accessed 22/07/2019 https://www.telephonics.com/Corporate-Ethics Corporate Ethics</p> <p>Through communications and training, the importance and expectation of ethical behavior and honesty are reinforced in each of our employees. Telephonics expects its employees and business associates to follow the below guidance to ensure that business is always conducted in an honest and ethical manner:</p> <ul style="list-style-type: none"> • Know and follow corporate policies and procedures • Seek proper guidance when unsure • Show respect for people and property • If something doesn't seem right, speak up <p>Anti-Corruption</p> <p>Telephonics strictly forbids bribery and corruption of any kind. Telephonics competes to win contracts on our merits alone. Integrity is a core company value and we must never sacrifice our ethical principles to win or keep business. No business is worth it.</p>

Question
3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees: a) Employees in high risk positions, b) Middle management, c) Board members.
Score
0
Comments
There is no evidence that the company tailors its anti-bribery and corruption training for employees based on an assessment of their role and exposure to corruption risk.
Evidence
No evidence found.

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 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 evidence that the company's employee 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
1
Comments
<p>There is some evidence that the company commits to support and protect employees who refuse to act unethically. The company states that integrity and ethical principles are key corporate values and encourages employees to speak up if they have any concerns. However, the company receives a score of '1' because there is no evidence that the company assures itself of its employees' confidence in this statement through anonymised surveys or other clearly stated means.</p>
Evidence
<p>[1] Corporate ethics (webpage) Accessed 22/07/2019 https://www.telephonics.com/Corporate-Ethics Corporate Ethics</p> <p>Through communications and training, the importance and expectation of ethical behavior and honesty are reinforced in each of our employees. Telephonics expects its employees and business associates to follow the below guidance to ensure that business is always conducted in an honest and ethical manner:</p> <ul style="list-style-type: none"> • Know and follow corporate policies and procedures • Seek proper guidance when unsure • Show respect for people and property • If something doesn't seem right, speak up <p>Anti-Corruption</p> <p>Telephonics strictly forbids bribery and corruption of any kind. Telephonics competes to win contracts on our merits alone. Integrity is a core company value and we must never sacrifice our ethical principles to win or keep business. No business is worth it.</p>

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
0
Comments
There is no publicly available evidence that the company has a policy of non-retaliation against whistleblowers or employees who report bribery and corruption incidents.
Evidence
No evidence found.

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>There is evidence that the company provides a whistleblowing line for employees to raise concerns or report suspected incidents of bribery or corruption. There is evidence that this channel allows for anonymous reporting.</p> <p>However, the company receives a score of '1' because there is no evidence that it provides an externally operated channel (i.e. one operated by a third party), nor is there clear evidence that reports are treated confidentially or that the channel can be used to seek advice on the company's anti-bribery and corruption policy. There is also no clear evidence that the channel is available to all employees in any country of operation, in multiple languages, or to any employees of third parties, suppliers or joint venture partners.</p>
Evidence
<p>[1] Corporate ethics (webpage) Accessed 22/07/2019 https://www.telephonics.com/Corporate-Ethics Telephonics expects its employees and business associates to follow the below guidance to ensure that business is always conducted in an honest and ethical manner:</p> <ul style="list-style-type: none"> • Know and follow corporate policies and procedures • Seek proper guidance when unsure • Show respect for people and property • If something doesn't seem right, speak up <p>[...]</p> <p>How to Contact Telephonics Ethics Organization</p> <p>Ethics concerns or violations may be reported anonymously at the following numbers:</p> <p>Telephonics Ethics Hotline 631-755-7020</p> <p>Griffon Ethics Compliance Line 888-298-4032</p>

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
0
Comments
There is no publicly available evidence that the company has a conflict of interest policy.
Evidence
No evidence found.

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
0
Comments
There is no evidence that the company has procedures in place for managing conflicts of interest or their oversight.
Evidence
No evidence found.

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 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 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
0
Comments
There is no evidence that the company has a policy on corporate political contributions.
Evidence
No evidence found.

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
0
Comments
There is no evidence that the company discloses details of its political contributions.
Evidence
No evidence found.

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
0
Comments
There is no evidence that the company has a policy and/or procedure covering charitable donations and/or sponsorships.
Evidence
No evidence found.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
0
Comments
There is no publicly available evidence that the company has a policy and/or procedure on lobbying.
Evidence
No evidence found.

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
0
Comments
There is no evidence that the company publishes any information on its lobbying aims, topics or activities.
Evidence
No evidence found.

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

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
0
Comments
There is no publicly available evidence that the company has a policy or procedure on gifts or hospitality.
Evidence
No evidence found.

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
0
Comments
There is no evidence that the company requires the involvement of its procurement department in the establishment and/or oversight of its supplier base.
Evidence
No evidence found.

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
0
Comments
There is no evidence that the company conducts anti-bribery and corruption due diligence on its supply chain.
Evidence
No evidence found.

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
0
Comments
There is no evidence that the company ensures that its suppliers have anti-bribery and corruption policies in place that meet a high standard. The company states business associates must meet a certain standard of ethical business conduct, but does not specifically refer to a publicly available anti-bribery and corruption policy that applies specifically to suppliers.
Evidence
<p>[1] Corporate ethics (webpage) Accessed 22/07/2019 https://www.telephonics.com/Corporate-Ethics</p> <p>Through communications and training, the importance and expectation of ethical behavior and honesty are reinforced in each of our employees. Telephonics expects its employees and business associates to follow the below guidance to ensure that business is always conducted in an honest and ethical manner:</p> <ul style="list-style-type: none"> • Know and follow corporate policies and procedures • Seek proper guidance when unsure • Show respect for people and property • If something doesn't seem right, speak up <p>Anti-Corruption</p> <p>Telephonics strictly forbids bribery and corruption of any kind. Telephonics competes to win contracts on our merits alone. Integrity is a core company value and we must never sacrifice our ethical principles to win or keep business. No business is worth it.</p>

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
0
Comments
There is no evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption programme and standards are required throughout the supply chain.
Evidence
No evidence found.

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

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
0
Comments
There is no evidence that the company conducts anti-bribery and corruption due diligence on its agents or intermediaries.
Evidence
No evidence found.

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
0
Comments
There is no evidence that the company aims to establish the beneficial ownership of its agents, nor does the company commit to not engaging or terminate its engagement with agents or intermediaries if beneficial ownership cannot be established.
Evidence
No evidence found.

Question
7.1.4 Does the company's anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
0
Comments
There is no clear evidence that the company's anti-bribery and corruption policy applies to agents or that it includes anti-bribery and corruption clauses in its contracts with agents and intermediaries.
Evidence
<p>[1] Corporate ethics (webpage) Accessed 22/07/2019 https://www.telephonics.com/Corporate-Ethics Through communications and training, the importance and expectation of ethical behavior and honesty are reinforced in each of our employees. Telephonics expects its employees and business associates to follow the below guidance to ensure that business is always conducted in an honest and ethical manner:</p> <p>Know and follow corporate policies and procedures</p>

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
0
Comments
There is no evidence that the company's incentive structures for agents are designed to minimise risks of bribery and corruption or that incentive structures are recognised as a risk factor in agent behaviour.
Evidence
No evidence found.

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

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

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
0
Comments
There is no evidence that the company conducts anti-bribery and corruption due diligence on its joint ventures.
Evidence
No evidence found.

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
0
Comments
There is no evidence that the company commits to establishing or implementing anti-bribery and corruption policies or procedures in its joint ventures.
Evidence
No evidence found.

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

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
0
Comments
There is no evidence that the company addresses the corruption risks associated with offset contracting, nor is there evidence that a dedicated body, department or team is responsible for monitoring the company's offset activities.
Evidence
No evidence found.

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
0
Comments
There is no evidence that the company conducts anti-bribery and corruption due diligence on all aspects of its offset obligations.
Evidence
No evidence found.


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

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

Question
9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?
Score
0
Comments
There is no evidence that the company publishes a list of its subsidiaries or affiliated entities.
Evidence
No evidence found.

Question
9.3 Does the company disclose its beneficial ownership and control structure?
Score
2
Comments
There is evidence that the company is a wholly-owned subsidiary of Griffon Corporation, a company publicly listed on the New York Stock Exchange. The company is therefore not required to disclose information on its ownership and automatically receives a score of '2'.
Evidence
<p>[2] Financial Times Markets Data – Griffon Corp (webpage) Accessed 27/03/2020 https://markets.ft.com/data/equities/tearsheet/summary?s=GFF:NYQ</p>  <p>[1] Corporate ethics (webpage) Accessed 22/07/2019 https://www.telephonics.com/Corporate-Ethics</p> <p>Telephonics is recognized globally for its highly sophisticated, field-proven surveillance, communications, analysis and integration solutions. As a wholly owned subsidiary of Griffon Corporation (NYSE: GFF), Telephonics is committed to providing our aerospace, defense and commercial customers with a distinct tactical advantage in the most unpredictable environments.</p>

Question
9.4 Does the company publish a percentage breakdown of its defence sales by customer?
Score
0
Comments
There is no evidence that the company publishes any details of its defence sales by customer.
Evidence
No evidence found.

10. State-Owned Enterprises (SOEs)

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

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

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

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

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

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Webpage	Corporate ethics	22/07/2019	https://www.telephonics.com/Corporate-Ethics
02	Webpage	Financial Times Markets Data	27/03/2020	https://markets.ft.com/data/equities/tearsheet/summary?s=GFF:NYQ