

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

FINAL ASSESSMENT

KRAUSS-MAFFEI WEGMANN GMBH & CO.

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	5/8
2. Internal Controls	6	0/10
3. Support to Employees	7	2/14
4. Conflict of Interest	4	2/8
5. Customer Engagement	7	1/14
6. Supply Chain Management	5	1/10
7. Agents, Intermediaries and Joint Ventures	10	0/20
8. Offsets	4	0/8
9. High Risk Markets	4	0/4
10. State-Owned Enterprises	N/A	N/A
TOTAL		11/102
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
2
Comments
There is evidence that the company has a publicly stated anti-bribery and corruption commitment, which details the company's stance against any form of bribery or corruption within the organisation. It is clear that this commitment was authorised and endorsed by the company's CEO.
Evidence
<p>[1] Compliance - Company (Webpage) Accessed 23/08/2019 https://www.kmweg.com/company/compliance.html Dear visitor to www.kmweg.de,</p> <p>Products in defence technology are not just random industrial goods. As a production location and exporter of defence technology, Germany has a distinguishable responsibility: both in light of its own history and in the context of current global politics. Thus, the sale of defence technology is particularly strictly regulated in our country. We comply with all of these regulations and we take our responsibilities seriously.</p> <p>As a company with a long tradition, we have acquired an excellent reputation spanning decades. This reputation is based on the achievements of our workforce and the values that we live by at KMW. Managing directors, managers and employees are all obliged to comply with national and international law and the principles of fair competition. We have set up a system of guidelines, obligations and procedures to help us do this that has proven its effectiveness for some considerable time now - including in collaborations with our business partners at home and abroad.</p> <p>The prevention of corruption lies at the heart of this system. No single employee is entitled to represent the company alone, because the double-checking principle applies without exception. In regular training courses, we teach our employees about all aspects of the problem of corruption and educate them in how to detect corruption risks and therefore avoid them early on. Anyone who raises the alarm over suspicious circumstances can rest assured that the company will offer them its full protection. KMW's compliance department is the direct contact at all times for any employee with concerns regarding compliance risks in general or corruption risks in particular. KMW is committed to compliance with all relevant export controls and regulations applicable to its business. This commitment extends to promoting strict compliance on an ongoing basis. It is KMW policy that all employees comply with the above mentioned export policy. Employees may neither export nor re-export any commodity, technology, or software unless an appropriate authorization has been obtained.</p> <p>No activities will be undertaken that are in violation of relevant regulations, which seek to control nuclear proliferation, missile technology, and chemical and biological weapons. We take this matter very seriously and the executive board asks all support for this effort. If there occur any questions concerning the legitimacy of a transaction or potential violations in context with export regulations please contact our Export Control department. My fellow board members and I have zero tolerance for criminal activity and infringements of our approved values. And everyone can take us at our word.</p> <p>We want our world to be safer and more secure - not just through our technologies, but also through our conduct. This is a task we set ourselves each day anew.</p> <p>Yours sincerely,</p>

Frank Haun
Chief Executive Officer
Krauss-Maffei Wegmann GmbH & Co. KG

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>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.</p>
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf [p.7] 1.1.2 Preventing Corruption and Bribery</p> <p>The Group is committed to conducting business in an honest and ethical manner and complying with all applicable anti-bribery and anti-corruption laws and regulations in its worldwide operations.</p> <p>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, 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.</p> <p>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> <p>Each company belonging to the Group must record payments and other compensation in its corporate books, records and accounts in a timely manner and in reasonable detail, such in accordance with locally applicable rules and regulations. No undisclosed or unrecorded accounts may be established for any purpose. False, misleading, incomplete, inaccurate or artificial entries in the books and records are prohibited. Personal funds may not be used to accomplish what is otherwise prohibited.</p> <p>[p.14] Compliance with this ethics charter is the responsibility of all employees, both individually and collectively. All employees, irrespective of the country that they work in, their hierarchical level or job function, must comply with this ethics charter. Any breach of the ethics charter will be dealt with in compliance with the applicable rules.</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. The purpose of this ethics charter is not to cover all circumstances or anticipate every situation that may arise. When encountering situations not specifically addressed by this ethics charter, one should maintain the highest ethical standards observed in the industry in which the Group operates.</p>

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
1
Comments
<p>Based on publicly available information, there is some evidence that the board of directors is responsible for the company's anti-bribery and corruption programme.</p> <p>However, there is no evidence to suggest that it engages in formal oversight functions, such as reviewing reports from management or the results of internal and external audits.</p>
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf [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>[...]</p> <p>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: KMW + Nexter Defense Systems N.V.: compliance@knds.nl Nexter S.A. and subsidiaries:: Referent-ethique@nexter-group.fr Krauss-Maffei Wegmann Gmbh & Co. KG and subsidiaries: compliance@kmweg.de As of June 2018</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
0
Comments
While the company refers to a local compliance officer in its Ethics Charter, there is no further public information concerning the role, responsibilities or seniority of this individual. There is insufficient evidence that a specific managerial-level employee has ultimate responsibility for implementing and managing the company’s anti-bribery and corruption programme.
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf [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>[...]</p> <p>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: KMW + Nexter Defense Systems N.V.: compliance@knds.nl Nexter S.A. and subsidiaries: Referent-ethique@nexter-group.fr Krauss-Maffei Wegmann Gmbh & Co. KG and subsidiaries: compliance@kmweg.de As of June 2018</p> <p>[1] Compliance - Company (Webpage) Accessed 23/08/2019 https://www.kmweg.com/company/compliance.html KMW's compliance department is the direct contact at all times for any employee with concerns regarding compliance risks in general or corruption risks in particular.</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
0
Comments
There is no evidence that the company has a formal risk assessment procedure which 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 some evidence that the company commits to investigating incidents. However, the company does not provide any details about specific procedures in place to deal with whistleblowing cases, which stipulate documentation and actions to be taken at each step.
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf</p> <p>[p.14] A person disclosing an allegation of (suspected) improper activities as referred to above is commonly referred to as a whistleblower. 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>KMW + Nexter Defense Systems N.V.: compliance@knds.nl Nexter S.A. and subsidiaries: Referent-ethique@nexter-group.fr Krauss-Maffei Wegmann GmbH & Co. KG and subsidiaries: compliance@kmweg.de</p>

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
0
Comments
There is no publicly available evidence that the company assures 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 publicly available evidence that the company's investigative procedure includes a commitment to report material findings of bribery and corruption to the board, or that an appropriate senior individual is responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if necessary.
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf [p.14] 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>

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 high-level results from incident investigations and disciplinary actions.
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
0
Comments
There is no publicly available evidence that the company provides anti-bribery and corruption training to all of its employees.
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf [p.15] Implementation and further guidance</p> <p>The directors of the Group companies are responsible for implementation of the ethics charter and the education of employees in that respect.</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
0
Comments
<p>There is no evidence that the company tailors its anti-bribery and corruption training to employees based on an assessment of their role and exposure to corruption risk.</p>
Evidence
<p>No evidence found.</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 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 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, even when this might result in a loss of business.
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 the company has a policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents, which applies to all employees across the organisation. There is also evidence the company’s whistleblowing channels are open to third parties engaged by the group.</p> <p>However, the company scores ‘1’ as 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>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf [p.14] Responsibility – Implementation</p> <p>Compliance with this ethics charter is the responsibility of all employees, both individually and collectively. All employees, irrespective of the country that they work in, their hierarchical level or job function, must comply with this ethics charter. Any breach of the ethics charter will be dealt with in compliance with the applicable rules.</p> <p>[...]</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. 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] 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>

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 has multiple whistleblowing and advice channels, which are open to all employees. There is also evidence the company’s whistleblowing channels are open to third parties. There is some evidence that whistleblowing complaints may be handled confidentially.</p> <p>However, the company scores ‘1’ as the evidence suggests the company only offers internally operated channels and does not explicitly offer anonymous channels. There is also no publicly available evidence that the channels are available in all relevant languages.</p>
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf</p> <p>[p.14] A person disclosing an allegation of (suspected) improper activities as referred to above is commonly referred to as a whistleblower. 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. 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] Implementation and further guidance</p> <p>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. The purpose of this ethics charter is not to cover all circumstances or anticipate every situation that may arise. When encountering situations not specifically addressed by this ethics charter, one should maintain the highest ethical standards observed in the industry in which the Group operates.</p> <p>In order to determine whether an ethical issue exists, the following questions offer a starting point:</p> <ul style="list-style-type: none"> - Is this action lawful? - Is this action compliant with the ethics charter, procedures, policies and corporate culture? - Is it harmless to the Group or to me if this action becomes public? - Would I want my actions to be published on the front page of a newspaper? - Would I want someone to act the same way towards me? <p>If the answer to any of these questions is “no”, the action is in principal deemed not compliant with the ethics charter and, if relevant, is to be reported to the relevant compliance officer as referred to in chapter 3 of this ethics charter.</p> <p>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>KMW + Nexter Defense Systems N.V.: compliance@knds.nl</p> <p>Nexter S.A. and subsidiaries: Referent-ethique@nexter-group.fr</p> <p>Krauss-Maffei Wegmann Gmbh & Co. KG and subsidiaries: compliance@kmweg.de</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
1
Comments
<p>There is some evidence that the company has a policy for conflicts of interest that applies company-wide.</p> <p>However, the policy does not explicitly cover all of the categories of possible conflicts listed in the question. The company also does not clearly define the types of relationships or conflicts covered under its policy.</p>
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf [p.10] 1.3.1 Conflicts of Interest</p> <p>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.14] Compliance with this ethics charter is the responsibility of all employees, both individually and collectively. All employees, irrespective of the country that they work in, their hierarchical level or job function, must comply with this ethics charter. Any breach of the ethics charter will be dealt with in compliance with the applicable rules.</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. The purpose of this ethics charter is not to cover all circumstances or anticipate every situation that may arise. When encountering situations not specifically addressed by this ethics charter, one should maintain the highest ethical standards observed in the industry in which the Group operates.</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
0
Comments
While the company states that employees must inform their manager of conflicts of interest, there is no further publicly available evidence concerning the company's procedures for managing conflicts of interest and their oversight.
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf [p.10] 1.3.1 Conflicts of Interest</p> <p>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>

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
1
Comments
<p>There is some evidence that the company has a policy that addresses the risks associated with the employment of public officials. The company states that human resources and compliance departments must review the hiring process for former government employees or their family members.</p> <p>However, the company scores '1' as publicly available evidence does not provide further details of specific controls to assess and regulate the employment of current or former public officials. There is no evidence that the company has a policy to implement a cooling-off period of at least 12 months before such public officials are permitted to have any form of contact or relationship with their former organisation on the company's behalf.</p>
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf</p> <p>[p.8] 1.2.3 Government Procurement Contracts with government-owned or public entities require compliance with very high and complex standards. The Group complies with the laws and regulations that govern the acquisition of goods and services by governments in</p> <p>[p.9] all its operations, including specific regulations on competition and laws prohibiting attempts to influence government officials.</p> <p>Where government contracts involve the possession, use of or access to classified or otherwise restricted information, it is essential that employees strictly follow the security procedures applicable to such information. Care must be taken in respect of the hiring of former government employees or their family members. The hiring process must be carefully reviewed and approved by the Human Resources Department in consultation with the Compliance Department of the relevant Group company.</p>

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no evidence that the company 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 evidence that the company permits political contributions.
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.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
0
Comments
The company does not disclose 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 some evidence that the company has procedures covering both charitable donations and sponsorships to ensure that such donations are not used as vehicles for bribery and corruption. However, the company does not publish further details regarding these procedures, for example, by specifying criteria for donations, requirements for senior sign-off, or due diligence on recipients.
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf [p.9] 1.2.7 Charitable Contributions and Sponsorship</p> <p>Charitable contributions are part of the Group’s involvement in communities. Sponsorship is part of the marketing and communication strategy.</p> <p>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.</p>

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
0
Comments
There is no evidence the company has a policy 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
The company does not publish 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
The company does not publish any information on its lobbying aims, topics or activities.
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
1
Comments
<p>There is evidence that that the company has a procedure on the giving and receipt of gifts and hospitality. The company indicates that any expenses associated with gifts and hospitality must be entered into its financial accounts.</p> <p>However, the company scores '1' as there is no evidence the company's policies or procedures specify financial or proportional limits or different approval procedures for different types of promotional expenses. There is also no evidence the company addresses the risks associated with gifts and hospitality given to/received from domestic or foreign public officials. There is no evidence that all gifts and hospitality above a certain threshold are recorded in a dedicated register or central depository that is accessible to those responsible for oversight of the process.</p>
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf [p.9] 1.2.5 Gifts and Hospitality</p> <p>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.</p>

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's procurement department is involved, in some capacity, in the establishment and oversight of supplier relationships.</p> <p>However, there is no evidence that the involvement of the procurement department is required for establishing any new suppliers over a certain threshold. It is not clear from publicly available evidence that the procurement department is the main body responsible for oversight of the company's supplier base. There is also no evidence that the company assures itself of the procurement department's involvement at least every three years.</p>
Evidence
<p>[5] General terms and conditions of purchase of KMW (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/Allgemeine_Einkaufsbedingungen_KMW_Stand_01_10_2019_EN.PDF 2 . Scope of order The scope of the order shall be based on the order issued by KMW (incl. appendices), even if this is not confirmed by the supplier. Subsequent additions made verbally/by telephone shall exclusively be rendered effective if their content is later confirmed in writing by the Purchasing department of KMW.</p>

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
0
Comments
There is no evidence that the company conducts risk-based 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
While there is evidence that the company requires suppliers to comply with applicable anti-corruption laws, there is nothing to suggest that it ensures that its suppliers have anti-bribery and corruption policies in place that meet a high standard.
Evidence
<p>[5] General terms and conditions of purchase of KMW (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/Allgemeine_Einkaufsbedingungen_KMW_Stand_01_10_2019_EN.PDF 19 . Compliance and data protection 19.1 The supplier guarantees compliance with all applicable laws, regulations and rules, including (but not limited to) all anti-corruption and competition laws and rules, both in general and during the term of contract.</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
While the company states that the use of sales partners, which can be understood to include agents, is governed by internal procedures, the company does not publish any further information on these procedures.
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf [p.9] 1.2.4 Working with Sales Partners</p> <p>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.</p> <p>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.</p>

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
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.
Evidence
No evidence found.

Question
7.1.4 Does the company’s anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
0
Comments
There is evidence that the company’s Ethics Charter applies to sales partners, which can be understood to include agents and intermediaries. However, there is no publicly available evidence that the company includes audit and termination rights in its contracts with these entities.
Evidence
<p>[2] Ethics Charter (Document) Accessed 01/04/2020 https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf [p.9] 1.2.4 Working with Sales Partners</p> <p>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.</p> <p>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.</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.
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
The company does not publish any details of the agents currently contracted to act for 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
0
Comments
There is no publicly available 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 publicly available evidence that the company commits to establishing or implementing anti-bribery and corruption policies or procedures in its joint ventures, or that it requires anti-bribery and corruption clauses in its contracts with joint venture partners.
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 publicly available evidence that the company commits to take an active role in preventing bribery and corruption in all of its joint ventures.
Evidence
No evidence found.

8. Offsets

Question
8.1. Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
0
Comments
There is no publicly available evidence that the company addresses the corruption risks associated with offset contracts. There is also no 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 has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on its offset obligations.
Evidence
No evidence found.

Question
8.3. Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
0
Comments
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 about the beneficiaries of its indirect offset obligations.
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 publicly available 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

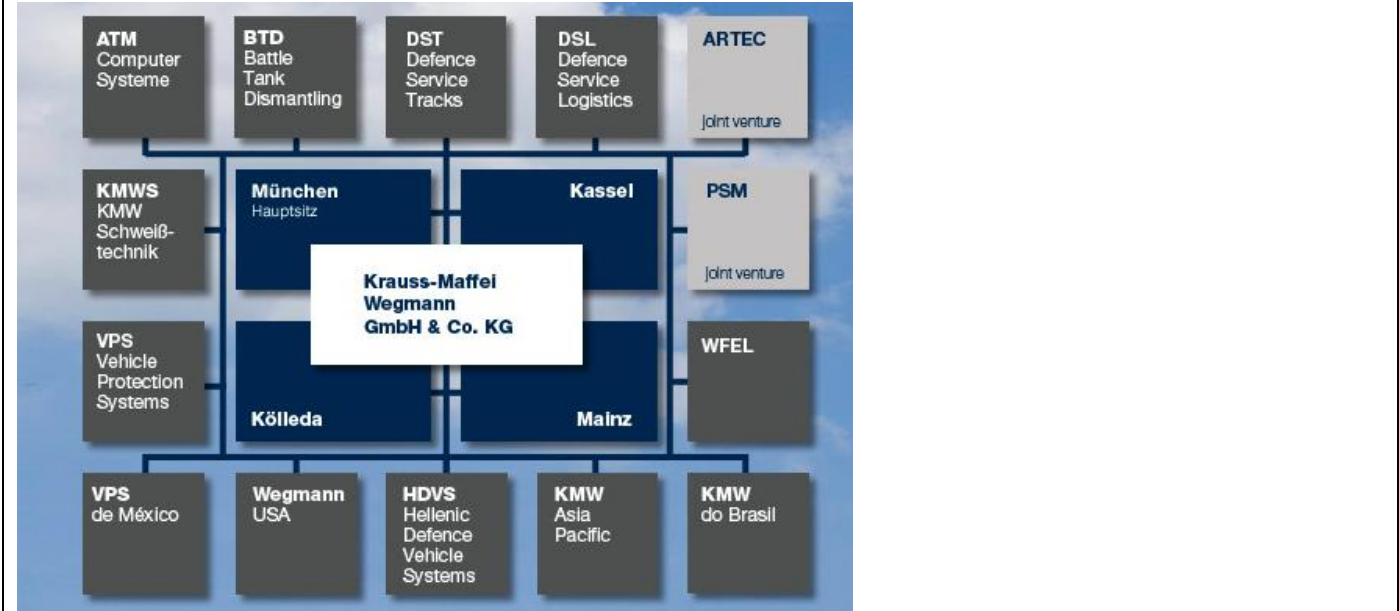
0

Comments

The company publishes some information regarding its subsidiaries on its website but the information published is insufficiently detailed to satisfy the requirements to receive a score of '1'.

Evidence

[3] Structure - Company (Webpage)
 Accessed 24/08/2019
<https://www.kmweg.com/company/structure.html>



AN INTERNATIONAL GROUP OF COMPANIES
 With its worldwide network of subsidiaries Krauss-Maffei Wegmann is in a position to react fully and promptly on specific customer requirements. This include the ATM Computer GmbH as a market leader in terms of computer technology for reconnaissance, command and weapons control systems, as well as the Hellenic Defense Vehicle Systems and Wegmann USA with comprehensive manufacturing structures in Greece and the United States . The KMWS in Hamburg is a center of excellence for welding technologies, while DST Defence Service Tracks is the market leader in development and manufacture of tracks for protected vehicles of all kind.KMW Asia Pacific is the international office in Asia and KMW do Brasil in Latin America.

Question
9.3. Does the company disclose its beneficial ownership and control structure?
Score
0
Comments
The company does not disclose information about its beneficial ownership or control structure, nor a statement that no individual owns 25% or more of shares or voting rights.
Evidence
No evidence found.

Question
9.4. Does the company publish a percentage breakdown of its defence sales by customer?
Score
0
Comments
The company does not publish a percentage breakdown of its defence sales.
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 <i>(Webpage or Document)</i>	Name	Download Date	Link
01	Webpage	Compliance	23/08/2019	https://www.kmweg.com/company/compliance.html
02	Document	Ethics Charter	01/04/2020	https://www.kmweg.com/uploads/media/KMW-19-017_KNDS_EthikCharta_EN.pdf
03	Webpage	Structure	24/08/2019	https://www.kmweg.com/company/structure.html
04	Webpage	Legal Disclaimer	24/08/2019	https://www.kmweg.com/legal-disclaimer.html
05	Document	General terms and conditions of purchase of KMW	01/04/2020	https://www.kmweg.com/uploads/media/Allgemeine_Einkaufsbedingungen_KMW_Stand_01_10_2019_EN.PDF