

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

FINAL ASSESSMENT

IMI SYSTEMS LTD

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	6/8
2. Internal Controls	6	4/12
3. Support to Employees	7	4/14
4. Conflict of Interest	4	1/8
5. Customer Engagement	7	2/14
6. Supply Chain Management	5	2/10
7. Agents, Intermediaries and Joint Ventures	10	6/20
8. Offsets	4	0/8
9. High Risk Markets	4	3/8
10. State-Owned Enterprises	4	0/8
TOTAL		28/110
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
0
Comments
There is no publicly available evidence that the company makes a publicly stated commitment to ethical or anti-bribery and corruption standards, nor is there clear evidence that its anti-corruption policy is endorsed by its senior leadership.
Evidence
No evidence found.

Question
1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories: a) All employees, including staff and leadership of subsidiaries and other controlled entities; b) All board members, including non-executive directors.
Score
2
Comments
<p>There is evidence that the company publishes an anti-bribery and corruption policy, which specifically prohibits bribery, payments to public officials, commercial bribery and facilitation payments. This policy clearly applies to all employees and board members as described in (a) and (b) in the question.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf</p> <p>[p.2] The offering, promising, or giving of a bribe, whether directly or through intermediaries, to foreign public officials constitutes a crime according to the laws of the State of Israel, as also under the laws of other foreign countries, and it is contrary to what is stipulated in the OECD Convention on Combating Bribery of Foreign Public Officials of 1997, to which Israel is a party.</p> <p>In accordance with the instructions of the Company's board of directors and a decision of the Company's management, as required by the commercial and legal environment in which the Company operates, and having regard to the directives of the Ministry of Defense, this compliance program for the prevention of the involvement of the Company and its employees, directors, and officers, and all entities over which the Company has effective control, including subsidiaries (collectively, the "Company Personnel" or "Personnel") in offenses of bribery of foreign public officials is being implemented.</p> <p>The aim of the compliance program is to prevent, as far as possible, the involvement of the Company and its Personnel in an offense of bribery of foreign public officials. The Compliance Program also includes measures that apply to third parties such as agents and other intermediaries, consultants, representatives, distributors, contractors and suppliers, consortia, and joint venture partners (hereinafter "Third Party Business Partners").</p> <p>[p.3] 1. The Company's policy – prohibition on giving of bribes to foreign public officials There is an absolute and unequivocal prohibition against the Company and any of its Personnel offering, promising, or giving any form of bribe, whether directly or through intermediaries, to foreign public officials, and against any involvement in the offering, promising, or giving of a bribe to foreign public officials, as these terms are defined below. A violation of the aforesaid prohibition constitutes a criminal offense, the penalties for which, as prescribed by law, are up to seven years imprisonment and/or a monetary fine in a sum of about NIS 2.25 million. In addition, a breach of the aforesaid prohibition constitutes a disciplinary offense, and is contrary to what is stated in the Company's code of ethics, and it serves as grounds for disciplinary steps, including dismissal. The Company will apply a policy of "zero tolerance" with respect to the offering, promising, or giving of a bribe, or involvement in the same, to foreign public officials.</p> <p>[p.5] 3.4 Facilitation payments are expressly prohibited, that is, for purposes of the prohibition it makes no difference if the bribe was taken in order to stray from the</p> <p>[p.6] accepted norms in the fulfillment of the public official's function or in relation to an act the public official was obliged to perform according to his function and duty.</p> <p>[...]</p> <p>4. Applicability The Compliance Program applies to all Company Personnel, at every echelon. In addition, the Compliance Program applies, where appropriate and subject to contractual arrangements, to relevant Third Party Business Partners.</p>

[2] Code of Business Conduct (Document)

Accessed 31/10/2019

http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf

[2] 6. Applicability

The Code of Business Conduct is adopted by the Board of Directors of the company and applies to all executives, workers and consultants of IMI Systems and to all fully owned subsidiaries. We expect anyone who operates on behalf of IMI to act ethically and properly, in accordance with the company's Code of Business Conduct and its procedures.

[p.4] 19. Prevention of Bribery of Foreign Public Officials

IMI sees utmost importance in the prevention of corruption of any kind, including bribery or giving benefits to foreign public officials. Bribery, including the bribing of foreign public officials, is forbidden by law. A "Foreign Public Official" is an employee of a foreign country, and the holder of a public office in a foreign country, including employees of governmental companies and public bodies, and employees of international organizations.

[p.5] Giving bribes to Foreign Public Officials increases the scope of corruption internationally, especially in developing countries, is one of the obstacles to social and economic development, and is strictly forbidden according to Israeli Law as well as other laws. Therefore, there is a definite prohibition regarding all IMI employees and anyone acting on IMI's behalf, to promise, offer or give bribes or benefits to a Foreign Public Official. IMI has taken, and is taking, various measures to prevent the giving of bribes to Foreign Public Officials, including acting in accordance to the Compliance Program instituted by IMI, training of employees and the operation of a compliance department headed by a Corporate Compliance Officer.

20. Prevention of Bribery of Local Public Officials It is, of course, also strictly forbidden under Israeli Law to give bribes or any undue benefits to local (Israeli) public officials. Giving bribes or undue benefits to local Public Officials increases the scope of corruption in Israel, deteriorates the legal, economic and business level of the State of Israel and is a major obstacle to the country's social and economic development. A "Local Public Official" includes any government employee, soldier or officer in the armed forces and police, as well as employees of governmental companies and public bodies and any office holder appointed by law. Therefore, there is a definite prohibition regarding all IMI employees and anyone acting on IMI's behalf, to promise, offer or give bribes or benefits to any Local Public Official, and IMI has and is taking various measures to prevent any such action.

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
2
Comments
Based on publicly available information, there is evidence that the board of directors is ultimately responsible for the oversight of the company's anti-bribery and corruption programme. The company indicates that the board's responsibilities include reviewing reports from management on the programme's performance and there is evidence that the board has the authority to require that changes are made.
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.6] 5. Supervision by the Company's board of directors</p> <p>The board of directors of the Company shall supervise the implementation of Company policy with regard to compliance, and the implementation of this program, as described, inter alia, below:</p> <ul style="list-style-type: none"> • Ratification of the Compliance Program and periodic updates thereof, at a frequency that shall be decided by the board of directors. • Approval of the appointment of the Compliance Officer. • Approval of an annual work plan in the field of compliance. • Discussion and consideration of the annual report that will be submitted by the Compliance Officer in regard to implementation of the Compliance Program, breaches that were discovered in the field of compliance and the steps that were taken to rectify the faults. • The Compliance Officer's report to the Company's audit committee. <p>6. Implementation by the Company's management The management of the Company shall implement the Company's policy in the field of compliance, in accordance with the provisions set forth of this program.</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
2
Comments
Based on publicly available information, there is evidence that a designated senior executive 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 board which provides oversight of the anti-bribery and corruption programme and there is evidence of reporting and feedback activities between this person and the board.
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.6] 5. Supervision by the Company's board of directors</p> <p>The board of directors of the Company shall supervise the implementation of Company policy with regard to compliance, and the implementation of this program, as described, inter alia, below:</p> <ul style="list-style-type: none"> • Ratification of the Compliance Program and periodic updates thereof, at a frequency that shall be decided by the board of directors. • Approval of the appointment of the Compliance Officer. • Approval of an annual work plan in the field of compliance. • Discussion and consideration of the annual report that will be submitted by the Compliance Officer in regard to implementation of the Compliance Program, breaches that were discovered in the field of compliance and the steps that were taken to rectify the faults. • The Compliance Officer's report to the Company's audit committee. <p>6. Implementation by the Company's management The management of the Company shall implement the Company's policy in the field of compliance, in accordance with the provisions set forth of this program.</p> <p>[p.7] 8. The Compliance Officer 8.1 Appointment</p> <p>8.1.1 The Company shall appoint a Compliance Officer who shall have qualifications, know-how and experience appropriate for the position and the fields of his responsibility.</p> <p>8.1.2 The appointment of the Compliance Officer shall be made by the Chief Executive Officer and shall be brought for the approval of the board of directors, in accordance with Procedure 62.50 (Appointment of Senior Employees of the Company).</p> <p>8.1.3 The Compliance Officer will be a senior member of the Company's management.</p> <p>8.1.4 The Compliance Officer shall not fulfill an additional function which creates, or is likely to create, a conflict of interest with his position as compliance officer, or which could adversely affect his fulfilling his function as compliance officer.</p> <p>8.2 Duties</p> <p>[p.8] 8.2.1 The Compliance Officer will be responsible for coordinating the Company's operations in the scope of the Compliance Program, with the objective of ensuring the Company's meeting its legal obligations in the field of compliance.</p> <p>8.2.2 In the scope of the foregoing, the tasks of the Compliance Officer will include the following:</p>

8.2.2.1 Identification and monitoring of risks in the field of compliance, in all echelons of the Company.

8.2.2.2 Formulating, preparing, and updating as necessary the compliance program, in coordination and cooperation with the relevant professional entities in the Company, and presenting it for the approval of the Chief Executive Officer of the Company and of the board of directors.

8.2.2.3 Assimilation and integration of the Compliance Program in the Company and training and instruction of the relevant parties, as described in this program.

8.2.2.4 Formulation and improvement of the appropriate control setups and maintaining regular follow-up and control over the implementation of the Compliance Program by the various entities in the Company.

8.2.2.5 Providing a professional answer to entities in the Company on various aspects pertaining to the field of compliance, which shall be done in consultation with the professional entities in the Company who are relevant to the topic (legal advisor, marketing, finance, security, and so forth).

8.2.2.6 Maintaining control over the processes for contracting with the Company's customers, its Third Party Business Partners, its marketing consultants and agents and realization of these contractual processes, all in the field of compliance, as described in this program.

8.2.2.7 Attending meetings as an observer at the various committees which operate in the Company and which relate to the field of compliance, as described in this program, for purposes of ensuring the propriety of the Company's activities in the field of compliance.

[p.9] 8.2.2.8 Providing guidance and instruction to the marketing entities and to other relevant systems in the Company regarding the manner and format for performing of due diligence which must be carried out with respect to certain third parties, as described in this program.

8.2.2.9 Providing guidance and advice to Company Personnel and, where appropriate, Third Party Business Partners, on complying with the Company's Compliance Program, including urgent advice on difficult situations in foreign jurisdictions.

8.2.2.10 Receiving reports from the Company Personnel with respect to violations of this program, in accordance with the provisions stipulated herein, and the holding of a factual inquiry of the reports that have been received, in the manner described in the Compliance Program.

8.2.2.11 Making recommendations to the Chief Executive Officer of the Company for the proper handling of violations that have been discovered in the field of compliance.

8.2.2.12 Assistance in the updating and improvement of the Compliance Program, as arising inter alia from changes in the provisions of the law that are relevant to the field of compliance.

For purposes of fulfilling his function the Compliance Officer will be entitled to inspect any document or record in the Company, and to meet with any entity that is necessary in the circumstances of the matter.

[p.10] 8.6 Regular reporting

[p.11] The Compliance Officer will be responsible for regular reporting in the field of compliance, as follows:

- The Compliance Officer shall report to the Company's Chief Executive Officer and to the audit committee of the board of directors, at least once each quarter, and also to the plenum of the board of directors of the Company at least once each year, regarding the implementation of the Compliance Program and with respect to violations that have been discovered in the field of compliance. These reports shall, inter alia, include:
 - A summary of operations (planning as against execution).
 - Details of recommendations for actions in the future.
 - A report on violations that have been discovered during the period, the steps that were taken for dealing with them, and the recommendations of the Compliance Officer in regard to steps that require to be taken in relation to such violations and/or for preventing the recurrence thereof.

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
<p>Based on publicly available information, there is some evidence to indicate that the company conducts compliance-related risk assessments. The company indicates that such surveys form part of the Compliance Officer's annual work plan and that the board or audit committee is responsible for reviewing and approving such findings.</p> <p>However, it is not clear from publicly available information that the results of risk assessments are used to develop tailored mitigation plans and to update specific parts of the company's anti-bribery and corruption programme.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.7] 8.2 Duties</p> <p>[p.8] 8.2.1 The Compliance Officer will be responsible for coordinating the Company's operations in the scope of the Compliance Program, with the objective of ensuring the Company's meeting its legal obligations in the field of compliance.</p> <p>8.2.2 In the scope of the foregoing, the tasks of the Compliance Officer will include the following:</p> <p>[p.10] 8.4 Compliance Officer's annual work plan The Compliance Officer's annual work plan shall be brought for discussion to the management and for approval of the board of directors or its audit committee. The Compliance Officer's annual work plan shall be based, inter alia, on:</p> <ul style="list-style-type: none"> • Compliance programs that have been approved by the board of directors. • Results of control checks and examinations in the field of compliance. • Legislative changes in the field of compliance and in the character of the Company's operations. • Risk surveys which the Compliance Officer shall conduct.

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>Based on publicly available information, there is evidence that the company's anti-bribery and corruption programme is subject to regular review. There is evidence to indicate that these reviews are conducted on a periodic basis with any changes to the programme reported to the company's board on a quarterly basis. The company's management is responsible for making changes to the programme.</p> <p>However, there is no clear evidence that the company's anti-bribery and corruption programme is subject to internal or external audits, nor that the company's review process ensures that the programme is consistent with high standards of best practice and the business risks facing the company.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.10] 8.4 Compliance Officer's annual work plan The Compliance Officer's annual work plan shall be brought for discussion to the management and for approval of the board of directors or its audit committee.</p> <p>The Compliance Officer's annual work plan shall be based, inter alia, on:</p> <ul style="list-style-type: none"> • Compliance programs that have been approved by the board of directors. • Results of control checks and examinations in the field of compliance. • Legislative changes in the field of compliance and in the character of the Company's operations. • Risk surveys which the Compliance Officer shall conduct. <p>8.5 Periodic control checks The Compliance Officer will be responsible for maintaining regular follow-up and control checks on the implementation of the Compliance Program by the various entities in the Company, including by way of:</p> <ul style="list-style-type: none"> • Performing random examinations, from time to time, on all matters pertaining to adherence to the provisions of the Compliance Program by the Company Personnel and Third Party Business Partners. • Performing of examinations, from time to time, to such extent and on such scale as the Compliance Officer shall decide, with regard to verification and authentication of the data pertaining to the employment of the Company's agents and its consultants. <p>8.6 Regular reporting</p> <p>[p.11] The Compliance Officer will be responsible for regular reporting in the field of compliance, as follows:</p> <ul style="list-style-type: none"> • The Compliance Officer shall report to the Company's Chief Executive Officer and to the audit committee of the board of directors, at least once each quarter, and also to the plenum of the board of directors of the Company at least once each year, regarding the implementation of the Compliance Program and with respect to violations that have been discovered in the field of compliance. These reports shall, inter alia, include: • A summary of operations (planning as against execution). • Details of recommendations for actions in the future. • A report on violations that have been discovered during the period, the steps that were taken for dealing with them, and the recommendations of the Compliance Officer in regard to steps that require to be taken in relation to such violations and/or for preventing the recurrence thereof. <p>[...]</p> <p>8.8 Subservience to audit of the Company's controller The Company's controller will be authorized to examine the correctness and propriety of the Compliance Officer's actions.</p>

[p.20] 14.3 The Compliance Officer, in collaboration with the Company's management, will conduct periodic reviews of the Compliance Program, designed to evaluate and improve its effectiveness in preventing and detecting foreign bribery, taking into account relevant developments in the field of compliance, and evolving international and industry standards. Accordingly, the Company's management shall be authorized to make alterations to this program. Such alterations shall be reported once each quarter to the board of directors of the Company for purposes of ratification thereof.

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>There is evidence that the company publicly commits to investigating incidents, which are conducted by the Compliance Officer and the Ombudsman. There is evidence that the investigative findings are reported to senior management and the board, and the company indicates that the Compliance Officer provides updates on cases or violations of the compliance programme to the CEO and Audit Committee on a quarterly basis.</p> <p>However, it is not clear from publicly available information that the company publishes information on the whole investigation process from receipt to final outcome, nor is there evidence that it publicly commits to inform whistleblowers of outcome of investigations if they so wish.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.9] 8.3 Handling of reports regarding violations in the field of compliance</p> <p>8.3.1 Where the Compliance Officer has received a report from a Company Personnel, or from a Third Party Business Partner, or if information has come to his knowledge, regarding a suspicion of the Company's involvement in the offering or the giving of a bribe to a foreign public official, or to a breach of any of the provisions of this program, the Compliance Officer shall conduct a factual investigation of the matter.</p> <p>8.3.2 An obligation is imposed on the Company Personnel to cooperate with the Compliance Officer and to assist him in this regard to whatever extent is necessary.</p> <p>8.3.3 Where the Compliance Officer has found that there is indeed a factual basis for the suspicion, he shall report on this to the Chief Executive Officer and to the legal advisor of the Company, and shall take steps for the canvassing ...</p> <p>[p.10] ... and investigation of the suspicion, in accordance with the instructions of the Chief Executive Officer and in coordination with the legal advisor.</p> <p>8.3.4 Subject to the foregoing in this paragraph, if the Compliance Officer identifies a violation or a suspicion of a violation of the provisions of the law or of other regulatory demands in the field of compliance, the Compliance Officer may order the stoppage, suspension or immediate curtailment of the operations connected with the violation / suspected violation, including contractual arrangements, trips abroad, transportation of goods, meetings with customers, marketing consultants and partners, until a thorough investigation of the matter has been carried out and until a decision is made by the Company's Chief Executive Officer in regard to such operations.</p> <p>[...] 8.6 Regular reporting</p> <p>[p.11] The Compliance Officer will be responsible for regular reporting in the field of compliance, as follows:</p> <ul style="list-style-type: none"> • The Compliance Officer shall report to the Company's Chief Executive Officer and to the audit committee of the board of directors, at least once each quarter, and also to the plenum of the board of directors of the Company at least once each year, regarding the implementation of the Compliance Program and with respect to violations that have been discovered in the field of compliance. These reports shall, inter alia, include: • A summary of operations (planning as against execution). • Details of recommendations for actions in the future. • A report on violations that have been discovered during the period, the steps that were taken for dealing with them, and the recommendations of the Compliance Officer in regard to steps that require to be taken in relation to such violations and/or for preventing the recurrence thereof.

[2] Code of Business Conduct (Document)

Accessed 31/10/2019

http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf

[p.5] 21. Address for Inquiries/Complaints – the “Ethic’s Hotline”

The Code of Business Conduct will be published and distributed among the company's employees and customers on IMI's internet site, and its intranet. Compliance with the standards stipulated in the Code also requires reporting any conduct that is contrary to the Code or to IMI's Procedures. In any case of doubt, question or complaint, regarding ethical conduct or violation by any of the company's employees or executives, please turn to the Ethic's Hotline or to the IMI Ombudsman, in accordance with the Company's Procedures.

The company's Internal Auditor, Mr. Yoram Korn, serves in this position.

[...] 22. Handling Complaints

The Ombudsman will examine complaints, will summarize the findings and forward his recommendations to the company's President and to the Audit Committee of the Board of Directors. The Ombudsman will also forward findings in accordance with the Israeli Encouragement of Integrity in the Public Service Law.

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
0
Comments
<p>There is no publicly available evidence that the company assures itself of the quality of investigations, for example by indicating that staff conducting investigations are properly trained, by implementing a policy to handle complaints about the process or by reviewing the investigation process every three years.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.9] 8.3 Handling of reports regarding violations in the field of compliance</p> <p>8.3.1 Where the Compliance Officer has received a report from a Company Personnel, or from a Third Party Business Partner, or if information has come to his knowledge, regarding a suspicion of the Company's involvement in the offering or the giving of a bribe to a foreign public official, or to a breach of any of the provisions of this program, the Compliance Officer shall conduct a factual investigation of the matter.</p> <p>8.3.2 An obligation is imposed on the Company Personnel to cooperate with the Compliance Officer and to assist him in this regard to whatever extent is necessary.</p> <p>8.3.3 Where the Compliance Officer has found that there is indeed a factual basis for the suspicion, he shall report on this to the Chief Executive Officer and to the legal advisor of the Company, and shall take steps for the canvassing ...</p> <p>[p.10] ... and investigation of the suspicion, in accordance with the instructions of the Chief Executive Officer and in coordination with the legal advisor.</p> <p>8.3.4 Subject to the foregoing in this paragraph, if the Compliance Officer identifies a violation or a suspicion of a violation of the provisions of the law or of other regulatory demands in the field of compliance, the Compliance Officer may order the stoppage, suspension or immediate curtailment of the operations connected with the violation / suspected violation, including contractual arrangements, trips abroad, transportation of goods, meetings with customers, marketing consultants and partners, until a thorough investigation of the matter has been carried out and until a decision is made by the Company's Chief Executive Officer in regard to such operations.</p> <p>[2] Code of Business Conduct (Document) Accessed 31/10/2019 http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf [p.5] 21. Address for Inquiries/Complaints – the "Ethic's Hotline"</p> <p>The Code of Business Conduct will be published and distributed among the company's employees and customers on IMI's internet site, and its intranet. Compliance with the standards stipulated in the Code also requires reporting any conduct that is contrary to the Code or to IMI's Procedures. In any case of doubt, question or complaint, regarding ethical conduct or violation by any of the company's employees or executives, please turn to the Ethic's Hotline or to the IMI Ombudsman, in accordance with the Company's Procedures.</p> <p>The company's Internal Auditor, Mr. Yoram Korn, serves in this position.</p> <p>22. Handling Complaints</p> <p>The Ombudsman will examine complaints, will summarize the findings and forward his recommendations to the company's President and to the Audit Committee of the Board of Directors. The Ombudsman will also forward findings in accordance with the Israeli Encouragement of Integrity in the Public Service Law.</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
2
Comments
Based on publicly available information, there is evidence that the company commits to report material findings of bribery and corruption from investigations to the President and board-level Audit Committee. In addition, there is evidence to indicate that the Ombudsman is responsible for ensuring that the disclosure of material findings to relevant authorities is evaluated and acted upon if necessary.
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.10] 8.6 Regular reporting</p> <p>[p.11] The Compliance Officer will be responsible for regular reporting in the field of compliance, as follows:</p> <ul style="list-style-type: none"> • The Compliance Officer shall report to the Company's Chief Executive Officer and to the audit committee of the board of directors, at least once each quarter, and also to the plenum of the board of directors of the Company at least once each year, regarding the implementation of the Compliance Program and with respect to violations that have been discovered in the field of compliance. These reports shall, inter alia, include: • A summary of operations (planning as against execution). • Details of recommendations for actions in the future. • A report on violations that have been discovered during the period, the steps that were taken for dealing with them, and the recommendations of the Compliance Officer in regard to steps that require to be taken in relation to such violations and/or for preventing the recurrence thereof. <p>[2] Code of Business Conduct (Document) Accessed 31/10/2019 http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf [p.5] 21. Address for Inquiries/Complaints – the "Ethic's Hotline"</p> <p>The Code of Business Conduct will be published and distributed among the company's employees and customers on IMI's internet site, and its intranet. Compliance with the standards stipulated in the Code also requires reporting any conduct that is contrary to the Code or to IMI's Procedures. In any case of doubt, question or complaint, regarding ethical conduct or violation by any of the company's employees or executives, please turn to the Ethic's Hotline or to the IMI Ombudsman, in accordance with the Company's Procedures.</p> <p>The company's Internal Auditor, Mr. Yoram Korn, serves in this position.</p> <p>[...] 22. Handling Complaints</p> <p>The Ombudsman will examine complaints, will summarize the findings and forward his recommendations to the company's President and to the Audit Committee of the Board of Directors. The Ombudsman will also forward findings in accordance with the Israeli Encouragement of Integrity in the Public Service Law.</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 any data on ethical or corruption-related reports, 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 for its employees that outlines the basic principles of the anti-bribery and corruption policy, including the whistleblowing options available. The company indicates that this training is provided on an annual basis to employees in certain positions or departments.</p> <p>However, there is no clear publicly available evidence that the company provides training to all employees across all divisions, all countries of operation and in all appropriate languages on a regular basis.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.8] 8.2.2 In the scope of the foregoing, the tasks of the Compliance Officer will include the following:</p> <p>[...]</p> <p>8.2.2.3 Assimilation and integration of the Compliance Program in the Company and training and instruction of the relevant parties, as described in this program.</p> <p>[p.11] 9. Assimilation The Company will take steps to assimilate the norms dictated by the Compliance Program, inter alia, by way of frontal training sessions, inter-active presentations, personal training and guidance and in any other way it sees fit. Assimilation of the Compliance Program will be carried out under the responsibility of the Compliance Officer.</p> <p>[p.12] 9.1 Training and instruction sessions As part of the assimilation operations, training and instruction sessions will be held with the aim of explaining and inculcating the Company's policy and its procedures in the field of compliance, as described below.</p> <p>9.1.1 The target public Full frontal training and instruction will be given at least once per annum under the responsibility of the Compliance Officer with regard to the field of compliance, to the following sectors of the Company:</p> <ul style="list-style-type: none"> • The Company's management. • The senior officers in the marketing division (including the person in charge of agents in the Company, desk chiefs, and other employees in accordance with the decision of the Vice-President Marketing). • The Company's agents, as well as marketing consultants abroad, in accordance with a decision of the Compliance Officer. • Employees of the legal advisor's department. • Employees in the audit division. • The marketing managers in the business divisions at the Company. <p>In addition, training and instruction sessions shall be held for employees of the Company who are not included in the foregoing, in the scope of whose duties they may come into contact with foreign public officials (at such frequency as shall be determined by the Compliance Officer), as follows:</p> <ul style="list-style-type: none"> • The project manager in the divisions. • Other officers in the divisions. • Senior officers in the finance division and other employees in that division in accordance with the decision of the Vice-President Finance.

- Senior officers in the security division and other employees in that division in accordance with a decision of the person in charge of security.

The extent and frequency of the training and instruction sessions for the aforesaid employees will be decided by the Compliance Officer in the course of taking cognizance of the nature of the aforesaid employees' contact with and exposure to foreign public officials.

[p.13] Training and instruction sessions for other employees of the Company, or for employees at the time they are taken on for employment in the Company, shall be carried out according to needs, in each case on its merits and pursuant to a decision of the Compliance Officer.

In addition the holding of suitable training and instruction sessions for the Company's agents and consultants with regard to the prohibition on the giving of a bribe. The scale and extent of the training and instruction sessions for the Company's agents and consultants and the time for holding same will under all circumstances be determined by the Compliance Officer on the merits of each and every case.

9.1.2 Obligation to participate Participation in the training and instruction sessions is mandatory and the presence of those attending the sessions will be recorded and documented.

9.1.3 Presentation to Company employees who are going abroad The interactive computerized presentation to Company employees going abroad in the scope of their employment shall include an interval which is attached to this program as Schedule 2.

9.1.4 Assimilation and inculcation at the time new employees are taken on in the Company and at the time of an employee moving to different post. At the time new employees are taken on, or switch roles in the Company, the employees shall sign an undertaking which is attached to this program as Schedule 3. The Compliance Officer will be entitled to give an instruction that employees of the Company must sign the aforesaid undertaking, having regard to the extent of contact with foreign public officials that can be anticipated for an employee in the course of his employment.

[2] Code of Business Conduct (Document)

Accessed 31/10/2019

http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf

[p.6] 26. Ethics Training

In order to implement the ethical rules, we will conduct instructive activities among IMI employees, both orally and in writing. Employees, officers and consultants will confirm they have read the Code of Ethics and that they will act to maintain the conduct rules accordingly.

Question
3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees: a) Employees in high risk positions, b) Middle management, c) Board members.
Score
1
Comments
<p>There is evidence that the company provides specific compliance and anti-corruption training to employees in certain positions depending on their role and department. The company indicates that it provides such training to employees in high-risk positions, such as in the marketing division, as well as to middle management and to senior officers in certain departments.</p> <p>However, the company receives a score of '1' because it is not clear from publicly available information that employees in high risk positions must undertake and refresh their compliance training on an annual basis.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.8] 8.2.2 In the scope of the foregoing, the tasks of the Compliance Officer will include the following:</p> <p>[...]</p> <p>8.2.2.3 Assimilation and integration of the Compliance Program in the Company and training and instruction of the relevant parties, as described in this program.</p> <p>[p.11] 9. Assimilation The Company will take steps to assimilate the norms dictated by the Compliance Program, inter alia, by way of frontal training sessions, inter-active presentations, personal training and guidance and in any other way it sees fit. Assimilation of the Compliance Program will be carried out under the responsibility of the Compliance Officer.</p> <p>[p.12] 9.1 Training and instruction sessions As part of the assimilation operations, training and instruction sessions will be held with the aim of explaining and inculcating the Company's policy and its procedures in the field of compliance, as described below.</p> <p>9.1.1 The target public Full frontal training and instruction will be given at least once per annum under the responsibility of the Compliance Officer with regard to the field of compliance, to the following sectors of the Company:</p> <ul style="list-style-type: none"> • The Company's management. • The senior officers in the marketing division (including the person in charge of agents in the Company, desk chiefs, and other employees in accordance with the decision of the Vice-President Marketing). • The Company's agents, as well as marketing consultants abroad, in accordance with a decision of the Compliance Officer. • Employees of the legal advisor's department. • Employees in the audit division. • The marketing managers in the business divisions at the Company. <p>In addition, training and instruction sessions shall be held for employees of the Company who are not included in the foregoing, in the scope of whose duties they may come into contact with foreign public officials (at such frequency as shall be determined by the Compliance Officer), as follows:</p> <ul style="list-style-type: none"> • The project manager in the divisions. • Other officers in the divisions. • Senior officers in the finance division and other employees in that division in accordance with the decision of the Vice-President Finance.

- Senior officers in the security division and other employees in that division in accordance with a decision of the person in charge of security.

The extent and frequency of the training and instruction sessions for the aforesaid employees will be decided by the Compliance Officer in the course of taking cognizance of the nature of the aforesaid employees' contact with and exposure to foreign public officials.

[p.13] Training and instruction sessions for other employees of the Company, or for employees at the time they are taken on for employment in the Company, shall be carried out according to needs, in each case on its merits and pursuant to a decision of the Compliance Officer.

In addition the holding of suitable training and instruction sessions for the Company's agents and consultants with regard to the prohibition on the giving of a bribe. The scale and extent of the training and instruction sessions for the Company's agents and consultants and the time for holding same will under all circumstances be determined by the Compliance Officer on the merits of each and every case.

9.1.2 Obligation to participate Participation in the training and instruction sessions is mandatory and the presence of those attending the sessions will be recorded and documented.

9.1.3 Presentation to Company employees who are going abroad The interactive computerized presentation to Company employees going abroad in the scope of their employment shall include an interval which is attached to this program as Schedule 2.

9.1.4 Assimilation and inculcation at the time new employees are taken on in the Company and at the time of an employee moving to different post. At the time new employees are taken on, or switch roles in the Company, the employees shall sign an undertaking which is attached to this program as Schedule 3. The Compliance Officer will be entitled to give an instruction that employees of the Company must sign the aforesaid undertaking, having regard to the extent of contact with foreign public officials that can be anticipated for an employee in the course of his employment.

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
0
Comments
<p>Based on publicly available information, there is no evidence that the company reviews the effectiveness of its anti-bribery and corruption communications and training programme. The company indicates that the Compliance Officer is responsible for conducting checks on the programme to ensure proper implementation, but it is not clear that this includes measures of effectiveness or that the results of such checks are directly used to update specific parts of the company's anti-corruption training and communications programme.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.10] 8.4 Compliance Officer's annual work plan The Compliance Officer's annual work plan shall be brought for discussion to the management and for approval of the board of directors or its audit committee.</p> <p>The Compliance Officer's annual work plan shall be based, inter alia, on:</p> <p>[...]</p> <ul style="list-style-type: none"> Results of control checks and examinations in the field of compliance. <p>8.5 Periodic control checks</p> <p>The Compliance Officer will be responsible for maintaining regular follow-up and control checks on the implementation of the Compliance Program by the various entities in the Company, including by way of:</p> <ul style="list-style-type: none"> Performing random examinations, from time to time, on all matters pertaining to adherence to the provisions of the Compliance Program by the Company Personnel and Third Party Business Partners. Performing of examinations, from time to time, to such extent and on such scale as the Compliance Officer shall decide, with regard to verification and authentication of the data pertaining to the employment of the Company's agents and its consultants.

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 for employees 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 employees who refuse to act unethically.
Evidence
<p>[2] Code of Business Conduct (Document) Accessed 31/10/2019 http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf [p.2] 6. Applicability The Code of Business Conduct is adopted by the Board of Directors of the company and applies to all executives, workers and consultants of IMI Systems and to all fully owned subsidiaries. We expect anyone who operates on behalf of IMI to act ethically and properly, in accordance with the company's Code of Business Conduct and its procedures.</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
1
Comments
<p>Based on publicly available information, there is evidence the company has a policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents. This policy applies to all employees and there is evidence to indicate that it extends to those employed by the group as third parties.</p> <p>However, the company receives a score of '1' because there is no evidence that it assures itself of its employees' confidence in this commitment through surveys, usage data, or other clearly stated means.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.6] 4. Applicability The Compliance Program applies to all Company Personnel, at every echelon. In addition, the Compliance Program applies, where appropriate and subject to contractual arrangements, to relevant Third Party Business Partners.</p> <p>[p.7] 7.3 According to what is specified in the Company's code of ethics, the Company will protect an employee who reports on a violation as aforesaid, in accordance with the Protection of Employees Law (Exposure of Offenses of Unethical Conduct and Improper Administration), 5757-1997, even if the referral turned out to be incorrect, provided that the person submitting the report did so in good faith.</p> <p>[2] Code of Business Conduct (Document) Accessed 31/10/2019 http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf [p.2] 6. Applicability The Code of Business Conduct is adopted by the Board of Directors of the company and applies to all executives, workers and consultants of IMI Systems and to all fully owned subsidiaries. We expect anyone who operates on behalf of IMI to act ethically and properly, in accordance with the company's Code of Business Conduct and its procedures.</p> <p>[p.6] 23. Protection of Complainant and Confidentiality We will protect employees who filed a complaint against the company or against any other employee or executive, in accordance with the Protection of Employees (Exposure of Offenses of Unethical Conduct and Improper Administration) Law.</p> <p>Any inquiry or complaint received by the Ombudsman or through the Ethic's Hotline will be handled in confidence, while protecting the confidentiality of the complainant's identity. IMI will protect any complainant who makes a complaint in good faith, even if it turns out to be unjustified.</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>Based on publicly available information, there is evidence the company provides an internal whistleblowing line for its employees to report incidents or allegations of bribery and corruption. The company indicates that its channel allows for confidential reporting. There is evidence that the whistleblowing line is open and accessible to business partners of the company.</p> <p>However, it is not clear from publicly available information that the company provides employees with an external reporting channel operated by an independent third party, nor is it clear that the internal channel may be used to seek advice on the anti-corruption programme. In addition, it is not clear whether the company's whistleblowing line is available to all employees in any country of operation or in multiple relevant languages.</p>
Evidence
<p>[2] Code of Business Conduct (Document) Accessed 31/10/2019 http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf</p> <p>[p.2] 6. Applicability The Code of Business Conduct is adopted by the Board of Directors of the company and applies to all executives, workers and consultants of IMI Systems and to all fully owned subsidiaries. We expect anyone who operates on behalf of IMI to act ethically and properly, in accordance with the company's Code of Business Conduct and its procedures.</p> <p>[p.5] 21. Address for Inquiries/Complaints – the "Ethic's Hotline" The Code of Business Conduct will be published and distributed among the company's employees and customers on IMI's internet site, and its intranet.</p> <p>Compliance with the standards stipulated in the Code also requires reporting any conduct that is contrary to the Code or to IMI's Procedures. In any case of doubt, question or complaint, regarding ethical conduct or violation by any of the company's employees or executives, please turn to the Ethic's Hotline or to the IMI Ombudsman, in accordance with the Company's Procedures.</p> <p>The company's Internal Auditor, Mr. Yoram Korn, serves in this position.</p> <p>The Ombudsman Address: Administration Building, 7 th floor, room 721 Email: yoram.korn@imisystems.com Tel. 03-5485556</p> <p>[p.6] 23. Protection of Complainant and Confidentiality We will protect employees who filed a complaint against the company or against any other employee or executive, in accordance with the Protection of Employees (Exposure of Offenses of Unethical Conduct and Improper Administration) Law.</p> <p>Any inquiry or complaint received by the Ombudsman or through the Ethic's Hotline will be handled in confidence, while protecting the confidentiality of the complainant's identity. IMI will protect any complainant who makes a complaint in good faith, even if it turns out to be unjustified.</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>Based on publicly available information, there is evidence the company has a policy on conflicts of interest that refers to actual conflicts. The company's policy also addresses possible conflicts arising from employee relationships and outside employment. There is evidence the policy applies to all employees and board members.</p> <p>However, the company receives a score of '1' because there is no publicly available evidence that its policy addresses possible conflicts associated with government relationships or financial interests. It is also not clear that the company's policy for all employees applies to perceived or potential conflicts of interest.</p>
Evidence
<p>[2] Code of Business Conduct (Document) Accessed 31/10/2019 http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf</p> <p>[p.2] 6. Applicability The Code of Business Conduct is adopted by the Board of Directors of the company and applies to all executives, workers and consultants of IMI Systems and to all fully owned subsidiaries. We expect anyone who operates on behalf of IMI to act ethically and properly, in accordance with the company's Code of Business Conduct and its procedures.</p> <p>[p.3] 11. Conflict of Interest We will act in conformance to IMI's interests, and avoid any situation of conflict of interest or of giving preference to our personal interests over IMI's interest. We will refrain from an employment which may cause concern about a conflict of interest, superior-subordinate relationship or working relations for reason of family ties to another employee. All employees and officers are forbidden to accept gifts and/or a personal benefits from customers or suppliers.</p> <p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf</p> <p>[p.7] 8.1.4 The Compliance Officer shall not fulfill an additional function which creates, or is likely to create, a conflict of interest with his position as compliance officer, or which could adversely affect his fulfilling his function as compliance officer.</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
Based on publicly available information, there is no evidence that the company has procedures to manage conflict of interest or their oversight. The company indicates that employees should avoid conflict of interest situations, but it does not provide further publicly available information on the procedures that it has in place to accompany its policy.
Evidence
<p>[2] Code of Business Conduct (Document) Accessed 31/10/2019 http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf</p> <p>[p.3] 11. Conflict of Interest We will act in conformance to IMI's interests, and avoid any situation of conflict of interest or of giving preference to our personal interests over IMI's interest. We will refrain from an employment which may cause concern about a conflict of interest, superior-subordinate relationship or working relations for reason of family ties to another employee. All employees and officers are forbidden to accept gifts and/or a personal benefits from customers or suppliers.</p> <p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf</p> <p>[p.7] 8.1.4 The Compliance Officer shall not fulfill an additional function which creates, or is likely to create, a conflict of interest with his position as compliance officer, or which could adversely affect his fulfilling his function as compliance officer.</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 evidence that the company publishes details of the contracted services of any serving politicians.
Evidence
No evidence found.

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
0
Comments
<p>There is evidence that the company has a policy on political contributions which recognises the risks associated with such expenditure and states that contributions are permissible when made in line with relevant laws. Among other procedures, the company indicates that any contributions must be consistent with its values, properly documented and approved in advance by the company's Compliance Officer.</p> <p>The company receives a score of '0' since it does not prohibit political contributions in line with the scoring criteria.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.19] 11. Political Contributions, Charitable Donations, and Sponsorships</p> <p>Political contributions, charitable donations, and sponsorships are often lawfully offered by corporations as a means to participate in the community. However, such payments can be used for improper purposes. The Company will not directly or indirectly give any political contributions, charitable donations, or sponsorships in violation of applicable laws in order to secure any business advantage for the Company. Any such payments may only be offered or made on behalf of the Company if they are:</p> <ul style="list-style-type: none"> • Consistent with the Company's vision of social responsibility and core values. • Not connected to decisions related to the award or renewal of contracts or other business. • Documented in writing. • Approved in advance by the Compliance Officer and [Other Executive Function]. • Paid directly to the recipient organization or entity and not through a third party. • Accurately recorded in the Company's books and records. <p>[2] Code of Business Conduct (Document) Accessed 31/10/2019 http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf 13. Prohibition of Political Activity</p> <p>While believing in the freedom of opinion, IMI prohibits political activity during working hours. In said time we will strictly separate our work in IMI from our personal political opinions.</p>

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
0
Comments
There is no evidence that the company publishes any 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
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy covering charitable donations and sponsorships. The company's policy includes measures to ensure that donations are not used as vehicles for bribery and corruption, including a requirement for advance approval by the Compliance Officer and proper documentation of expenditure, among other controls.</p> <p>However, the company receives a score of '1' because there is no evidence that it publishes any details of the charitable donations and sponsorships made in the most recently reported financial year, such as the details of the recipient, amount, country of recipient and which corporate entity made the payment.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.19] 11. Political Contributions, Charitable Donations, and Sponsorships</p> <p>Political contributions, charitable donations, and sponsorships are often lawfully offered by corporations as a means to participate in the community. However, such payments can be used for improper purposes. The Company will not directly or indirectly give any political contributions, charitable donations, or sponsorships in violation of applicable laws in order to secure any business advantage for the Company. Any such payments may only be offered or made on behalf of the Company if they are:</p> <ul style="list-style-type: none"> • Consistent with the Company's vision of social responsibility and core values. • Not connected to decisions related to the award or renewal of contracts or other business. • Documented in writing. • Approved in advance by the Compliance Officer and [Other Executive Function]. • Paid directly to the recipient organization or entity and not through a third party. • Accurately recorded in the Company's books and records.

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 or procedure on lobbying.
Evidence
<p>[2] Code of Business Conduct (Document) Accessed 31/10/2019 http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf 13. Prohibition of Political Activity While believing in the freedom of opinion, IMI prohibits political activity during working hours. In said time we will strictly separate our work in IMI from our personal political opinions.</p>

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

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy on the giving and receipt of gifts and hospitality with procedures designed to ensure that such promotional expenses are bona fide and not used for bribery. The company's policy clearly addresses the risks associated with gifts and hospitality given to and/or received from public officials. There is evidence that all gifts and hospitality above certain thresholds are recorded in centrally through a system that is accessible to those responsible for oversight of the process.</p> <p>However, there is no publicly available evidence that the company's policy includes financial or proportional limits or different approval procedures for different types of promotional expenses.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.5] 3. Prohibition on giving of bribes, restrictions regarding the providing of travel, hospitality and entertainment services and gifts</p> <p>3.1 The prohibition on any giving, offering, or promising of a bribe to foreign public officials and any involvement in the giving of a bribe to foreign public officials is a broad one and applies, inter alia, in each of the following cases: – The giving, offering, or promising of a bribe in cash, cash equivalent, a service or other benefit (for example employing family relatives of the public official, promising to employ the public official or his family relative in the future, the giving of loans without demanding repayment or on excessively favorable terms).</p> <p>[p.6] 3.6 The giving of travel, hospitality or entertainment services and gifts to foreign public officials will be permitted, in the scope of the Company's business activities, according to accepted business norms, but subject to what is stated in Schedule 1 to the Compliance Program (Giving of Gifts and Hospitality Service to Foreign Public Officials).</p> <p>[p.21] PROVIDING OF TRAVEL, HOSPITALITY, ENTERTAINMENT SERVICES AND GIFTS BY THE COMPANY TO FOREIGN PUBLIC OFFICIALS</p> <p>The providing of travel, hospitality and entertainment services and the giving of gifts by the Company shall be governed by the Company's Procedure No. 62.10 (Hospitality and Entertainment). The objective of this schedule is to prescribe additional rules that will apply to the providing of travel, hospitality and entertainment services and the giving of gifts to a foreign public official, as defined below:</p> <p>1. Interpretation of the terms appearing in this schedule shall be in accordance with their meaning under Paragraph 2 of the Compliance Program (Definitions).</p> <p>2. In addition to what is stipulated in Company Procedure No. 62.10, the providing of travel, entertainment and hospitality services or the giving of gifts by the Company to a foreign public official shall also be subject to the following conditions:</p> <p>3. The travel, hospitality or entertainment services and/or the gifts shall be given in the scope of the Company's business activities (and in relation to travel, hospitality and entertainment services: where there is a commercial justification for providing same, such as a relevant business meeting, presence at a demonstration, and so forth), but shall not be provided in order to attain a benefit in return for same which is connected with the foreign public official's post or duties. If any doubt should arise as to the commercial justification for providing an entertainment service, the question shall be referred to the Vice-President Marketing who shall decide on the matter, and to the extent necessary he shall consult with the Compliance Officer.</p>

4. Travel, hospitality and entertainment services and/or gifts shall be given openly and publicly, to the extent that this is reasonable in the circumstances of the matter.

5. The aggregate monetary value of the entertainment services and/or the gifts shall conform with the usual commercial practice, having regard to the circumstances of the matter, including the status of the foreign public official, the timing at which the entertainment service and/or the gifts are given and the customs that apply in the foreign country.

6. No inappropriate entertainment services and/or gifts shall be given, or entertainment services or gifts where it is known to the party giving them that it is prohibited under the laws of the foreign country for same to be given.

[p.22] 7. Cover of entertainment expenses shall be made by way of direct payment to the provider of the entertainment services.

8. In every case of doubt regarding the legality or propriety of the giving of entertainment services or gifts, it is necessary to refer in writing to the Company's Compliance Officer in order to receive his opinion, as a precondition to making the gift and/or providing the entertainment services.

9. Full documentation in regard to the entertainment services or the gifts that were given (including receipts indicating the value thereof, the identity of the persons who received same, opinions that were given on the matter and any other relevant material) shall be kept in the marketing division or at the relevant hosting bodies as specified in Company Procedure 11.20 (Archiving and Incineration of Records in the Company) including Appendix A thereto (Period for Preservation of Documents), and under all circumstances for a period of not less than seven (7) years from the date the entertainment service or the gift was given.

10. The gifts that are presented shall, as far as this is practical, bear the Company's logo.

11. It is clarified that the provisions of this schedule do not derogate from the provisions of Company Procedure No. 62.20, which specifies the parties in the Company who are authorized to approve entertainment services and gifts according to the cost thereof.

[p.23] TEXT OF DIRECTIVE IN THE PRESENTATION TO EMPLOYEES GOING ABROAD IN THE SCOPE OF THEIR DUTIES

"It is prohibited for Company Personnel to offer, promise, or give any form of bribe, whether directly or through intermediaries, to foreign public officials, or to get involved in the offering, promising or the giving of a bribe to foreign public officials. A violation of the aforesaid prohibition is a criminal offense and a disciplinary offense, and it is contrary to the Company's code of ethics and constitutes grounds for disciplinary steps, including dismissal. The giving of customary entertainment services and gifts to foreign public officials will be permitted where same are given in the scope of the Company's business activities, subject to the Company's procedure regarding the giving of travel, hospitality, entertainment services and gifts to foreign public officials. Company Personnel who receive actual information about a demand by a foreign public official for the giving of a bribe, or information regarding the involvement of Company Personnel or Third Party Business Partners in the offering, promising, or giving of a bribe to a foreign public official, is obliged to report on this immediately to the Compliance Officer [details of telephone, e-mail and post of the Compliance Officer]. The reference to the Compliance Officer can be made anonymously".

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>Based on publicly available information, there is some evidence to indicate that the company's procurement department is involved in the establishment and oversight of supplier relationships.</p> <p>However, there is no clear evidence that the company assures itself of the procurement department's proper involvement in the procurement process at least every three years through clearly stated means, such as an audit or other assurance process. In addition, it is not clear from publicly available information that the procurement department is the main body responsible for oversight of the company's supplier base.</p>
Evidence
<p>[3] Procurement – About Us (Webpage) Accessed 31/10/2019 http://www.imisystems.com/procurement/</p> <p>IMI System's Central Procurement Administration was established at the beginning of 2015 to coordinate all the goods and services procurement activities for the company in Israel and abroad in its various plants and sites. The Central Procurement Administration acts according to the company's policy and business strategy, and assists the company in achieving its professional, business and commercial goals.</p> <p>This is done by continually instituting processes that increase the company's efficiency, reduce expenses and fulfil the multi-annual procurement program.</p> <p>The Procurement Administration is headed by the Central Procurement Manager, and include seven Technological Procurement Managers each of whom is responsible in their own specific territory for the execution of sectoral procurement for all of the company's units.</p> <p>In addition, the company maintains a procurement delegation based in New York that is subservient to the Central Procurement Administration whose function it is to assist the company in everything relating to procurement using FMF finance.</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
1
Comments
<p>Based on publicly available information, there is some evidence that the company has formal procedures in place to conduct due diligence on suppliers and business partners.</p> <p>However, it is not clear from publicly available information that the company conducts due diligence on all suppliers. There is no evidence that the company's due diligence procedures include checks on ultimate beneficial ownership nor that the highest risk suppliers are subject to enhanced due diligence. The frequency of the checks is also unclear and there is no clear evidence to suggest that the company might be willing to review or terminate supplier relationships in circumstances where a red flag highlighted in the due diligence cannot be mitigated.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.9] 8.2.2.8 Providing guidance and instruction to the marketing entities and to other relevant systems in the Company regarding the manner and format for performing of due diligence which must be carried out with respect to certain third parties, as described in this program.</p> <p>[p.17] 10.10 Third Party Business Partners and other suppliers of the Company In the scope of the process for approving a contractual arrangement with other Third Party Business Partners of the Company, the subject matter of which is the execution of transactions abroad, the contractual arrangement shall be brought to the notice of the Compliance Officer, so as to enable him to examine, on the merits of each and every case and in his discretion, the necessity for a due diligence examination as a precondition to contracting with the other party, as well as the need for supplementary examinations, the obtaining of professional opinions, holding of personal interviews / personal training and instruction sessions, and so forth, where the decision as to a need for such test takes account of the function and position of the other party and the extent of contact such party is likely to have with foreign public officials.</p>

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
0
Comments
Based on publicly available information, there is no clear evidence that the company ensures that its suppliers have anti-bribery and corruption policies in place that meet a high standard. The company states that its compliance programme applies to relevant third party business partners but it is not clear whether this includes suppliers.
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf</p> <p>[p.2] The offering, promising, or giving of a bribe, whether directly or through intermediaries, to foreign public officials constitutes a crime according to the laws of the State of Israel, as also under the laws of other foreign countries, and it is contrary to what is stipulated in the OECD Convention on Combating Bribery of Foreign Public Officials of 1997, to which Israel is a party.</p> <p>[...]</p> <p>The aim of the compliance program is to prevent, as far as possible, the involvement of the Company and its Personnel in an offense of bribery of foreign public officials. The Compliance Program also includes measures that apply to third parties such as agents and other intermediaries, consultants, representatives, distributors, contractors and suppliers, consortia, and joint venture partners (hereinafter "Third Party Business Partners").</p> <p>[p.3] 1. The Company's policy – prohibition on giving of bribes to foreign public officials</p> <p>There is an absolute and unequivocal prohibition against the Company and any of its Personnel offering, promising, or giving any form of bribe, whether directly or through intermediaries, to foreign public officials, and against any involvement in the offering, promising, or giving of a bribe to foreign public officials, as these terms are defined below. A violation of the aforesaid prohibition constitutes a criminal offense, the penalties for which, as prescribed by law, are up to seven years imprisonment and/or a monetary fine in a sum of about NIS 2.25 million¹. In addition, a breach of the aforesaid prohibition constitutes a disciplinary offense, and is contrary to what is stated in the Company's code of ethics, and it serves as grounds for disciplinary steps, including dismissal.</p> <p>The Company will apply a policy of "zero tolerance" with respect to the offering, promising, or giving of a bribe, or involvement in the same, to foreign public officials.</p> <p>[p.5] 3.4 Facilitation payments are expressly prohibited, that is, for purposes of the prohibition it makes no difference if the bribe was taken in order to stray from the</p> <p>[p.6] accepted norms in the fulfillment of the public official's function or in relation to an act the public official was obliged to perform according to his function and duty</p> <p>4. Applicability</p> <p>The Compliance Program applies to all Company Personnel, at every echelon. In addition, the Compliance Program applies, where appropriate and subject to contractual arrangements, to relevant Third Party Business Partners.</p>

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
0
Comments
There is no publicly available evidence that the company takes steps to ensure that 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 corruption-related reports, investigations or the associated disciplinary actions involving its suppliers.
Evidence
No evidence found.

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
2
Comments
<p>There is evidence that the company has a policy and procedures to control the use of agents, which addresses the corruption risks associated with their use and provides details of specific controls to mitigate these risks. As part of this policy, there is some evidence that the company aims to establish and verify that the use of an agent is, in each case, necessary to perform a legitimate business function. This policy applies to all divisions within the organisation which might employ agents, including subsidiaries and joint ventures.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.2] In accordance with the instructions of the Company's board of directors and a decision of the Company's management, as required by the commercial and legal environment in which the Company operates, and having regard to the directives of the Ministry of Defense, this compliance program for the prevention of the involvement of the Company and its employees, directors, and officers, and all entities over which the Company has effective control, including subsidiaries (collectively, the "Company Personnel" or "Personnel") in offenses of bribery of foreign public officials is being implemented.</p> <p>The aim of the compliance program is to prevent, as far as possible, the involvement of the Company and its Personnel in an offense of bribery of foreign public officials. The Compliance Program also includes measures that apply to third parties such as agents and other intermediaries, consultants, representatives, distributors, contractors and suppliers, consortia, and joint venture partners (hereinafter "Third Party Business Partners").</p> <p>[p.10] 8.5 Periodic control checks The Compliance Officer will be responsible for maintaining regular follow-up and control checks on the implementation of the Compliance Program by the various entities in the Company, including by way of:</p> <ul style="list-style-type: none"> • Performing random examinations, from time to time, on all matters pertaining to adherence to the provisions of the Compliance Program by the Company Personnel and Third Party Business Partners. • Performing of examinations, from time to time, to such extent and on such scale as the Compliance Officer shall decide, with regard to verification and authentication of the data pertaining to the employment of the Company's agents and its consultants. <p>[p.13] In addition the holding of suitable training and instruction sessions for the Company's agents and consultants with regard to the prohibition on the giving of a bribe. The scale and extent of the training and instruction sessions for the Company's agents and consultants and the time for holding same will under all circumstances be determined by the Compliance Officer on the merits of each and every case.</p> <p>[...]</p> <p>10. Engaging of consultants, agents in export transactions, and contractual arrangement with other Third Party Business Partners</p> <p>10.1 Employing of agents in export transactions As a precondition to a contractual arrangement with agents or for extending the validity of contractual arrangement with them, a due diligence examination shall be carried out in respect of the agent (hereinafter – "Due Diligence Test").</p>

[...]

10.2 Due Diligence Test

[p.14] The purpose of the Due Diligence Test is to assist in underpinning the commercial justification for selecting the agent and the proposed terms of the contractual arrangement with him, and for obtaining proper foundation for the fact that payment to the agent will not fall into the category of the giving of a bribe and that the agent is not obliged or does not intend to pay a bribe to foreign public officials.

[p.16] 10.8 The entities in the Company who are authorized to have contact with agents
In order to ensure that contact with agents will be made in accordance with the provisions of the law and the requirements of this program, and with a view to reducing to the greatest extent possible the possibility of non-compliance with the provisions of the law and with the binding procedures, the only entities who will be authorized to have contact with agents regarding the terms and conditions of their employment are the Vice-President Marketing or whomever may be appointed by him, and the person in charge of agents in the Company, and all this shall be after they receive instruction and training regarding the required rules of conduct.

10.9 Employment of consultants

10.9.1 In the framework of the process for approving marketing consultants in the scope of the Consultants Committee in accordance with the Employment of Consultants Procedure (Procedure 41.40), a Due Diligence Test shall be carried out, as shall be instructed by the Compliance Officer and in a format that will be formulated by him in consultation with the legal advice section of marketing division in the Company. The due diligence examination shall include a background examination, obtaining of the consultant's consent to the contractual terms and conditions which relate to the field of compliance, obtaining a summarizing opinion from the Compliance Officer, and any other step which the Compliance Officer or the Commissions Committee may deem necessary.

10.9.2 In addition, pursuant to the Compliance Officer's recommendation, additional steps shall be taken, such as personal interviews / personal training and instruction sessions for the consultant and similar other steps, in order that a proper basis be obtained regarding the fact that the payment to the marketing consultant does not fall within the bounds of the giving of a bribe and that the marketing consultant is not obliged to give or does not intend to pay a bribe to foreign public officials.

10.9.3 With regard to consultants who do not fall into the category of marketing consultants, the Compliance Officer shall investigate the necessity for performing a due diligence examination in each and every case on its merits as a precondition to contracting with the consultant, and the need for performing additional supplementary operations, all having regard to the consultant's function and position and the extent of the consultant's anticipated contact with foreign public officials.

[p.17] 10.9.4 Consultancy agreements with IMI shall contain the conditions which relate to the field of compliance (as described in Paragraph 12 of this program).

10.9.5 The Compliance Officer will be an observer on the Consultants Committees in the Company.

10.9.6 The consultancy agreement with consultants in relation to whom the contractual arrangement with them this program is relevant, in accordance with the Compliance Officer's decision (in coordination with the division / section, initiators of the contractual arrangement), shall contain an undertaking making them subject to the provisions of the program.

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>Based on publicly available information, there is evidence the company has formal procedures in place to conduct anti-bribery and corruption due diligence prior to engaging agents. There is evidence indicating that some agents are subject to enhanced due diligence and that the company may be willing to review or terminate the agreement if red flags are identified.</p> <p>However, it is not clear from publicly available information that all agents and highest risk intermediaries are subject to enhanced due diligence. In addition, although the company states that it monitors its agents, there is no clear evidence that due diligence is repeated at least every two years and/or when there is a significant change in the business relationship.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.13] 10.2 Due Diligence Test</p> <p>[p.14] The purpose of the Due Diligence Test is to assist in underpinning the commercial justification for selecting the agent and the proposed terms of the contractual arrangement with him, and for obtaining proper foundation for the fact that payment to the agent will not fall into the category of the giving of a bribe and that the agent is not obliged or does not intend to pay a bribe to foreign public officials.</p> <p>10.3 Format of the Due Diligence Test</p> <p>10.3.1 The Due Diligence Test shall be carried out according to a format that will be devised by the Compliance Officer in consultation with the marketing division and the legal advice department in the Company. The Due Diligence Test shall include an examination of background and general particulars, the obtaining of the agent's consent to the contractual conditions relating to the field of compliance, receiving a summarizing recommendation from the Compliance Officer, and other steps that shall be performed by the Compliance Officer, in accordance with his decision or at the request of the Commissions Committee.</p> <p>10.3.2 The extent and format of the Due Diligence Test will be delineated by the Compliance Officer, taking account, inter alia, of the existence / nonexistence of "Red Flags".</p> <p>10.3.3 In the scope of the examination, the necessary documentation and information in relation to the identity of the agent, his qualifications, experience and his suitability for the position shall be obtained and scrutinized, according to a specific list of requirements that will be formulated by the Compliance Officer in conjunction with the marketing and legal advice divisions in the Company, and in coordination with the chairman of the Commissions Committee.</p> <p>10.4 Examination of background</p> <p>10.4.1 As part of the Due Diligence Test the person in charge of agents in the Company shall, under guidance and instruction from the Compliance Officer, carry out a background test for agents.</p> <p>10.4.2 In the scope of the background examination the following actions shall be performed:</p> <p>10.4.2.1 The sending of a questionnaire to the agent in order to receive information and ancillary documentation. The agent will be requested to complete the questionnaire and to sign it, and to attach thereto a confirmation verifying the authorization for his signature and his replies to the questionnaire, and shall also provide ancillary documentation to the extent demanded. The format of the</p>

[p.15] questionnaire and the changes to it will be decided by the Compliance Officer and shall be approved by the Commissions Committee.

10.4.2.2 The carrying out of an additional independent background examination by the Compliance Officer, to the extent that may be required by the Compliance Officer or the Commissions Committee, inter alia having regard to the full gamut of the circumstances, and the existence or absence of "Red Flags" or other circumstances which give rise to a need for intensifying the examination.

10.5 Examination regarding obligation for reporting about the commission to foreign parties

The heads of the divisions in the Company, each in his own division, shall confirm, in the scope of a condensed report of the data of transactions in which the agent is expected to be involved, that is delivered to the Commissions Committee, whether or not an obligation exists for reporting to foreign official entities about payment of the commission to the agent, by virtue of the restrictions under any foreign law that applies to the transactions in which the agent is likely to be involved, including the ITAR legislation (International Traffic in Arms Regulations) in the USA.

10.6 Inspection of the findings of the background examination and the overall circumstances of the contractual arrangement with the agent, and taking of supplementary steps

The person in charge of agents in the Company shall furnish the Compliance Officer with the findings of the background test of the agent, and the full related documentation, to enable the Compliance Officer to examine whether the findings of the background examination, and the remaining circumstances of the contractual arrangement with the agent, provide a sound basis regarding the propriety of the contractual arrangement with the agent and the terms and conditions thereof. After evaluating the material, the Compliance Officer will be entitled, if he deems this necessary in the circumstances of the matter, and taking cognizance of the existence of suspicious circumstances, to request or to take additional steps in the scope of the Due Diligence Test, such as the conducting of supplementary or intensified Due Diligence Tests, obtaining professional opinions, holding personal interviews / personal training and instruction sessions, and suchlike.

10.7 Compliance Officer's recommendation

Upon completion of a due diligence examination and evaluation of the information obtained in the scope thereof, the Compliance Officer shall express his opinion regarding the propriety of the contractual arrangement with the agent and the terms ...

[p.16] ... and conditions thereof, inter alia with regard to payment to the agent and the conditions for it.

10.8 The entities in the Company who are authorized to have contact with agents

In order to ensure that contact with agents will be made in accordance with the provisions of the law and the requirements of this program, and with a view to reducing to the greatest extent possible the possibility of non-compliance with the provisions of the law and with the binding procedures, the only entities who will be authorized to have contact with agents regarding the terms and conditions of their employment are the Vice-President Marketing or whomever may be appointed by him, and the person in charge of agents in the Company, and all this shall be after they receive instruction and training regarding the required rules of conduct.

[p.18] 10.11.1.5 Entrenching the Company's right to cancel the agreement if it transpires that the agent or the consultant is involved in or suspected of offenses of bribery, or in a case in which it becomes apparent that his declarations were not correct or have become incorrect.

10.12 Ongoing assessment and monitoring of Third Party Business Partners

10.12.1 The Compliance Officer will – not less than annually – request and secure an executed anti-corruption law compliance certification from Third Party Business Partners for which a red flag has been identified. He will maintain copies of all such documentation and certifications.

10.12.2 The Compliance Officer shall establish monitoring controls over key activities of Third Party Business Partners, which may vary depending on the nature of the business relationship and services provided. The Company will ensure procedures are effective in assessing the control environment and the Third Party Business Partners' corruption prevention compliance programs.

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 aims to establish the identity of its agents through background checks. However, it is not clear from publicly available information that such checks include full details of ultimate beneficial ownership nor that agreements with agents and intermediaries may be terminated in cases where beneficial ownership cannot be established.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.14] 10.3 Format of the Due Diligence Test</p> <p>10.3.1 The Due Diligence Test shall be carried out according to a format that will be devised by the Compliance Officer in consultation with the marketing division and the legal advice department in the Company. The Due Diligence Test shall include an examination of background and general particulars, the obtaining of the agent's consent to the contractual conditions relating to the field of compliance, receiving a summarizing recommendation from the Compliance Officer, and other steps that shall be performed by the Compliance Officer, in accordance with his decision or at the request of the Commissions Committee.</p> <p>10.3.2 The extent and format of the Due Diligence Test will be delineated by the Compliance Officer, taking account, inter alia, of the existence / nonexistence of "Red Flags".</p> <p>10.3.3 In the scope of the examination, the necessary documentation and information in relation to the identity of the agent, his qualifications, experience and his suitability for the position shall be obtained and scrutinized, according to a specific list of requirements that will be formulated by the Compliance Officer in conjunction with the marketing and legal advice divisions in the Company, and in coordination with the chairman of the Commissions Committee.</p> <p>10.4 Examination of background</p> <p>10.4.1 As part of the Due Diligence Test the person in charge of agents in the Company shall, under guidance and instruction from the Compliance Officer, carry out a background test for agents.</p> <p>10.4.2 In the scope of the background examination the following actions shall be performed:</p> <p>10.4.2.1 The sending of a questionnaire to the agent in order to receive information and ancillary documentation. The agent will be requested to complete the questionnaire and to sign it, and to attach thereto a confirmation verifying the authorization for his signature and his replies to the questionnaire, and shall also provide ancillary documentation to the extent demanded. The format of the</p> <p>[p.15] questionnaire and the changes to it will be decided by the Compliance Officer and shall be approved by the Commissions Committee.</p> <p>10.4.2.2 The carrying out of an additional independent background examination by the Compliance Officer, to the extent that may be required by the Compliance Officer or the Commissions Committee, inter alia having regard to the full gamut of the circumstances, and the existence or absence of "Red Flags" or other circumstances which give rise to a need for intensifying the examination.</p> <p>[...] 10.6 Inspection of the findings of the background examination and the overall circumstances of the contractual arrangement with the agent, and taking of supplementary steps</p> <p>The person in charge of agents in the Company shall furnish the Compliance Officer with the findings of the background test of the agent, and the full related documentation, to enable the Compliance Officer to examine</p>

whether the findings of the background examination, and the remaining circumstances of the contractual arrangement with the agent, provide a sound basis regarding the propriety of the contractual arrangement with the agent and the terms and conditions thereof. After evaluating the material, the Compliance Officer will be entitled, if he deems this necessary in the circumstances of the matter, and taking cognizance of the existence of suspicious circumstances, to request or to take additional steps in the scope of the Due Diligence Test, such as the conducting of supplementary or intensified Due Diligence Tests, obtaining professional opinions, holding personal interviews / personal training and instruction sessions, and suchlike.

[p.18] 10.11.1.5 Entrenching the Company's right to cancel the agreement if it transpires that the agent or the consultant is involved in or suspected of offenses of bribery, or in a case in which it becomes apparent that his declarations were not correct or have become incorrect.

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
Based on publicly available information, there is evidence that the company includes anti-bribery and corruption clauses in its contracts with agents. The company's Code of Business Conduct also applies to all third parties acting on the company's behalf, which can be understood to include agents. However, although there is some indication that the company includes termination rights in its contracts with agents, there is no clear evidence that these clauses also include audit rights.
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf</p> <p>[p.6] 4. Applicability The Compliance Program applies to all Company Personnel, at every echelon. In addition, the Compliance Program applies, where appropriate and subject to contractual arrangements, to relevant Third Party Business Partners.</p> <p>[p.17] 10.11 Incorporation of clauses pertaining to field of compliance in agreements with the Company's agents and consultants</p> <p>10.11.1 Contractual agreements with agents and consultants shall also contain the declarations and undertakings set forth in this program, which relate to the compliance field, as follows:</p> <p>10.11.1.1 An undertaking by the agents, consultants or other Third Party Business Partners that they and their employees are not foreign public officials;</p> <p>10.11.1.2 An undertaking by the agents or consultants or other Third Party Business Partners to refrain from the offering or the payment of a bribe, within the meaning of that term under the law, to foreign public officials;</p> <p>10.11.1.3 An undertaking by the agents or the consultants or other Third Party Business Partners to the effect that they and their</p> <p>[p.18] employees have not been convicted of offenses of bribery of public servants;</p> <p>10.11.1.4 An undertaking by the agents or the consultants or other Third Party Business Partners to report immediately to the Company about changes that may occur in the field of compliance during the period of the contractual arrangement with IMI, as well as about the correctness of the declarations that were made by him prior to the contractual arrangement and with him and during the course thereof;</p> <p>10.11.1.5 Entrenching the Company's right to cancel the agreement if it transpires that the agent or the consultant is involved in or suspected of offenses of bribery, or in a case in which it becomes apparent that his declarations were not correct or have become incorrect.</p> <p>The text of the clauses is attached as an appendix to this program. Alterations to the aforesaid clauses will require the approval of the Compliance Officer and of the Company's legal advisor. In addition, the inclusion of clauses regarding ethics in other international agreements and with respect to the Company's general conditions will be under the responsibility of the legal advisor.</p> <p>10.12 Ongoing assessment and monitoring of Third Party Business Partners</p> <p>10.12.1 The Compliance Officer will – not less than annually – request and secure an executed anti-corruption law compliance certification from Third Party Business Partners for which a red flag has been identified. He will maintain copies of all such documentation and certifications.</p>

10.12.2 The Compliance Officer shall establish monitoring controls over key activities of Third Party Business Partners, which may vary depending on the nature of the business relationship and services provided. The Company will ensure procedures are effective in assessing the control environment and the Third Party Business Partners' corruption prevention compliance programs.

[2] Code of Business Conduct (Document)

Accessed 31/10/2019

http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf

[p.2] 6. Applicability

The Code of Business Conduct is adopted by the Board of Directors of the company and applies to all executives, workers and consultants of IMI Systems and to all fully owned subsidiaries. We expect anyone who operates on behalf of IMI to act ethically and properly, in accordance with the company's Code of Business Conduct and its procedures.

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>Based on publicly available information, there is some evidence that the company recognises payments structures for agents as a factor in bribery and corruption risk. The company indicates that it prohibits cash payments to such entities and that payments must be made to an account in the name of the agent.</p> <p>However, there is no further publicly available evidence that the company imposes a threshold on the payment of sales commissions to agents, nor that there is a requirement that remuneration is paid in stage payments or into local bank accounts.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf [p.18] 10.13 Manner of payment of consideration to agents and consultants</p> <p>10.13.1 Payment to agents and to consultants shall not be made in cash. Payment shall be effected by way of bank transfers to a bank account in the name of the agent (to an individual) or the consultant, or to a body under his ...</p> <p>[p.19] ... control (to a company), that shall be approved in advance by IMI, or by way of checks to such account.</p> <p>10.13.2 Payments of commission to agents shall be properly reflected to in the books of the Company in accordance with the Company's procedures and generally accepted accounting principles.</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
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 corruption-related investigations, incidents or the associated disciplinary actions involving its agents.
Evidence
No evidence found.

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
1
Comments
<p>Based on publicly available information, there is some evidence that the company has procedures to conduct anti-bribery and corruption due diligence on its joint venture partnerships.</p> <p>However, it is not clear from publicly available information that the company's due diligence includes checks on the ultimate beneficial ownership of the partner company. There is also no evidence to suggest that joint ventures operating in high risk markets or with high risk partners are subject to enhanced due diligence, nor is it clear that due diligence is repeated every two years or whenever there is a change in the business relationship.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf</p> <p>[p.2] The aim of the compliance program is to prevent, as far as possible, the involvement of the Company and its Personnel in an offense of bribery of foreign public officials. The Compliance Program also includes measures that apply to third parties such as agents and other intermediaries, consultants, representatives, distributors, contractors and suppliers, consortia, and joint venture partners (hereinafter "Third Party Business Partners").</p> <p>[p.9] 8.2.2.8 Providing guidance and instruction to the marketing entities and to other relevant systems in the Company regarding the manner and format for performing of due diligence which must be carried out with respect to certain third parties, as described in this program.</p> <p>[p.17] 10.10 Third Party Business Partners and other suppliers of the Company In the scope of the process for approving a contractual arrangement with other Third Party Business Partners of the Company, the subject matter of which is the execution of transactions abroad, the contractual arrangement shall be brought to the notice of the Compliance Officer, so as to enable him to examine, on the merits of each and every case and in his discretion, the necessity for a due diligence examination as a precondition to contracting with the other party, as well as the need for supplementary examinations, the obtaining of professional opinions, holding of personal interviews / personal training and instruction sessions, and so forth, where the decision as to a need for such test takes account of the function and position of the other party and the extent of contact such party is likely to have with foreign public officials.</p> <p>[p.18] 10.11.1.5 Entrenching the Company's right to cancel the agreement if it transpires that the agent or the consultant is involved in or suspected of offenses of bribery, or in a case in which it becomes apparent that his declarations were not correct or have become incorrect.</p> <p>[...]</p> <p>10.12 Ongoing assessment and monitoring of Third Party Business Partners 10.12.1 The Compliance Officer will – not less than annually – request and secure an executed anti-corruption law compliance certification from Third Party Business Partners for which a red flag has been identified. He will maintain copies of all such documentation and certifications.</p> <p>10.12.2 The Compliance Officer shall establish monitoring controls over key activities of Third Party Business Partners, which may vary depending on the nature of the business relationship and services provided. The Company will ensure procedures are effective in assessing the control environment and the Third Party Business Partners' corruption prevention compliance programs.</p>

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture relationships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company requires anti-bribery and corruption clauses in its contracts with joint venture partners. The company provides information to indicate that such clauses also include termination rights.</p> <p>However, the company receives a score of '1' because it is not clear from publicly available information that its contracts with joint venture partners include audit rights.</p>
Evidence
<p>[1] Compliance Program (Document) Accessed 31/10/2019 http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf</p> <p>[p.2] The aim of the compliance program is to prevent, as far as possible, the involvement of the Company and its Personnel in an offense of bribery of foreign public officials. The Compliance Program also includes measures that apply to third parties such as agents and other intermediaries, consultants, representatives, distributors, contractors and suppliers, consortia, and joint venture partners (hereinafter "Third Party Business Partners").</p> <p>[p.6] 4. Applicability The Compliance Program applies to all Company Personnel, at every echelon. In addition, the Compliance Program applies, where appropriate and subject to contractual arrangements, to relevant Third Party Business Partners.</p> <p>[p.17] 10.11 Incorporation of clauses pertaining to field of compliance in agreements with the Company's agents and consultants 10.11.1 Contractual agreements with agents and consultants shall also contain the declarations and undertakings set forth in this program, which relate to the compliance field, as follows: 10.11.1.1 An undertaking by the agents, consultants or other Third Party Business Partners that they and their employees are not foreign public officials; 10.11.1.2 An undertaking by the agents or consultants or other Third Party Business Partners to refrain from the offering or the payment of a bribe, within the meaning of that term under the law, to foreign public officials; 10.11.1.3 An undertaking by the agents or the consultants or other Third Party Business Partners to the effect that they and their ...</p> <p>[p.18] ... employees have not been convicted of offenses of bribery of public servants;</p> <p>10.11.1.4 An undertaking by the agents or the consultants or other Third Party Business Partners to report immediately to the Company about changes that may occur in the field of compliance during the period of the contractual arrangement with IMI, as well as about the correctness of the declarations that were made by him prior to the contractual arrangement and with him and during the course thereof;</p> <p>10.11.1.5 Entrenching the Company's right to cancel the agreement if it transpires that the agent or the consultant is involved in or suspected of offenses of bribery, or in a case in which it becomes apparent that his declarations were not correct or have become incorrect.</p> <p>The text of the clauses is attached as an appendix to this program. Alterations to the aforesaid clauses will require the approval of the Compliance Officer and of the Company's legal advisor. In addition, the inclusion of clauses regarding ethics in other international agreements and with respect to the Company's general conditions will be under the responsibility of the legal advisor.</p>

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 contracting, nor is there evidence that a dedicated body, department or team is responsible for monitoring its offset activities.
Evidence
No evidence found.

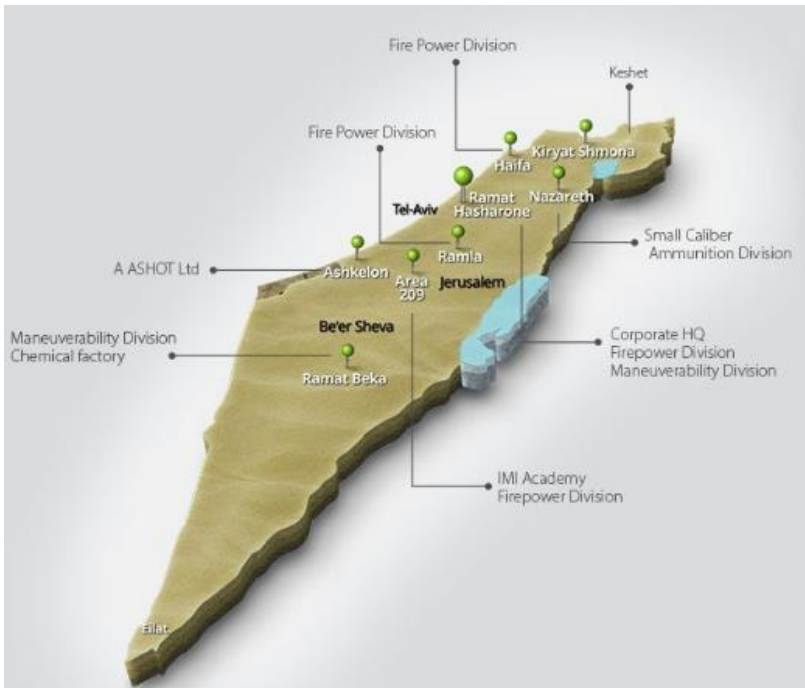
Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
0
Comments
There is no publicly available evidence that the company has formal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

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
0
Comments
There is no 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
1
Comments
<p>There is evidence company publishes some information about its subsidiaries, including some information about their countries of incorporation. The company indicates that at least two of its subsidiaries are fully-owned.</p> <p>However, the company receives a score of '1' because there is no publicly available evidence that the company publishes information on the percentage ownership and country or countries of operation for each entity. It is also not clear whether this represents a complete list of the company's fully and non-fully consolidated holdings, including associates and joint ventures, or whether this list is updated on an annual basis.</p>
Evidence
<p>[4] Global Presence (Webpage) Accessed 31/10/2019 http://www.imisystems.com/global-presence/ IMI SYSTEMS Headquartered in Israel, IMI Systems is a nationwide company incorporating six business units, a variety of manufacturing, test and laboratory facilities and two subsidiaries, which are all located across the country and operate as an integral part of the company's global activity.</p> 
<p>[5] Our Group (Webpage) Accessed 31/10/2019 http://www.imisystems.com/our-group/ Positioned among the world's leading defense solution providers, IMI Systems employs thousands of highly seasoned and qualified employees in 3 divisions, 6 business units and various productions, laboratories and test facilities and has 2 local subsidiaries: the Academy for Advanced Security & Anti-terror training and Ashot Ashkelon Ltd as well as 2 foreign subsidiaries located in the USA: IMI Services in Washington DC and IMI Trading in NYC.</p> <p>Ashot Ashkelon Industries Ltd A subsidiary of IMI Systems and a leading supplier of technologically advanced systems and components for the international aerospace, defense, automotive and other industries.</p>

Publicly traded on the Tel Aviv Stock Exchange, Ashot Ashkelon has more than 47 years of manufacturing experience and employs over 560 employees. Its fully owned U.S.A subsidiary Reliance Gear Corp is located in Addison, Illinois and serves as the regional basis for gear and transmission development for commercial and defense customers.

IMI Academy for Advanced HLS Training

A subsidiary of IMI Systems and a leading integrated solutions provider for government agencies, police, law enforcement, military and commercial customers worldwide.

Established in 1999 by veterans of the Israeli security forces, IMI Academy specializes in a wide range of comprehensive security training programs, including anti-terrorism, anti-crime and homeland security.

IMI SERVICES U.S.A., INC.

A fully owned by IMI systems IMI Services is a US company providing marketing services to IMI systems and other companies in the group.

IMI TRADING U.S.A., Inc

A US company fully owned by IMI systems Providing procurement services to IMI Systems and other companies in the group.

Question
9.3 Does the company disclose its beneficial ownership and control structure?
Score
2
Comments
The company publishes a clear statement on its website to indicate that it is wholly-owned by the State of Israel, thereby indicating that the state holds 100% of its shares and voting rights.
Evidence
<p>[6] About Us (Webpage) Accessed 23/07/2020 http://www.imisystems.com/about-us/ Established in 1933 as Israel Military Industries Ltd, and wholly owned by the State of Israel, IMI Systems Ltd is a globally recognized defense systems house, specializing in the development and manufacturing of comprehensive combat-proven solutions and technologies for the land, air, naval and cyber and homeland security (HLS) requirements of the modern battlefield.</p>

Question
9.4 Does the company publish a percentage breakdown of its defence sales by customer?
Score
0
Comments
There is no publicly available evidence that the company publishes information on its major customers.
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
The company publishes a clear statement on its website to indicate that it is wholly-owned by the State of Israel, thereby indicating that the state holds 100% of its shares and voting rights.
Evidence
<p>[6] About Us (Webpage) Accessed 23/07/2020 http://www.imisystems.com/about-us/ Established in 1933 as Israel Military Industries Ltd, and wholly owned by the State of Israel, IMI Systems Ltd is a globally recognized defense systems house, specializing in the development and manufacturing of comprehensive combat-proven solutions and technologies for the land, air, naval and cyber and homeland security (HLS) requirements of the modern battlefield.</p>

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
0
Comments
The company publishes some details of its global vision, however there is no clear evidence that the company publishes any information on its commercial or public policy objectives.
Evidence
<p>[6] About Us (Webpage) Accessed 23/07/2020 http://www.imisystems.com/about-us/ OUR VISION</p> <p>To be a world class leading defense company, providing cutting edge systems and solutions for Land, Air, Naval and Home Front forces</p> <p>[7] Company Profile Accessed 23/07/2020 http://www.imisystems.com/wp-content/uploads/2018/07/Download-Company-Profile-1.pdf With a worldwide presence and strong partnerships and collaborations with defense and governmental organizations, IMI Systems conducts large-scale defense projects, including localization, technology and production know-how transfer, aiming to assist in the development of local industries and the manufacturing of future tailor made solutions.</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
There is no publicly available evidence that the company publishes information on the composition of its board, nor that it publishes details of the board nomination and appointment process.
Evidence
No evidence found.

Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
0
Comments
There is no publicly available evidence to indicate that the company has an audit committee, nor that such a committee would be composed of a majority of independent directors.
Evidence
No evidence found.

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
There is no publicly available evidence that the company has a system in place to manage asset transactions.
Evidence
No evidence found.

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Document	Compliance Program	31/10/2019	http://www.imisystems.com/wp-content/uploads/2017/01/IMI-Compliance-Program.pdf
02	Document	Code of Business Conduct	31/10/2019	http://www.imisystems.com/media/Code-of-Ethics/IMI-Sysyems-Code-of-Ethics_Full-version.pdf
03	Webpage	Procurement - About Us	31/10/2019	http://www.imisystems.com/procurement/
04	Webpage	Global Presence	31/10/2019	http://www.imisystems.com/global-presence/
05	Webpage	Our Group	31/10/2019	http://www.imisystems.com/our-group/
06	Webpage	About Us	23/07/2020	http://www.imisystems.com/about-us/
07	Document	Company Profile	23/07/2020	http://www.imisystems.com/wp-content/uploads/2018/07/Download-Company-Profile-1.pdf