AeroSpace and Defence
Industries Association of Europe

Common Industry Standards for European Aerospace and Defence

Introduction

- The European Aerospace and Defence Industry, as represented in the AeroSpace and Defence Industries Association of Europe (ASD), reaffirms its continued dedication to contribute to a market place free of corruptive practices, allowing all participants in the international market to compete on an equal and fair basis.

- The industry expresses again its commitment to observe and apply the anti-corruption rules embedded in national legislation implementing the 1997 OECD Convention and UNCAC as well as any other applicable law.

- Over the years, extensive and thorough work has been accomplished by ASD's member corporations in developing effective company codes of conduct and integrity programmes, seeking to ensure robust compliance with legislative and corporate rules through their worldwide organisations.

- The definition of common good practice can contribute significantly to a better integrity climate. The industry is however aware that its integrity endeavours should, in order to be and remain effective, go hand in hand with further improvements by states to the fair and equal implementation of the 1997 OECD Convention and UNCAC, which implies also a harmonisation of procedural and judicial rules related to their enforcement.

- In this spirit, a number of major players in the Aerospace and Defence Industry have founded an Ethics and Anti-Corruption Task Force. This Task Force has initiated and pursued the sharing between themselves and the benchmarking of their corporate integrity practice, with a view to determining, through an industry-wide cooperative effort, commonly established standards.

  By doing this, the industry wishes to promote and enhance integrity practices amongst its member companies taking into consideration the European context.

- As a result of the efforts made by all the participants in the Task Force and thanks to the advice and help provided by expert institutions and organisations of the civil society, a set of Common Industry Standards has been produced, which deal with both general integrity issues as well as with sector specific issues.

- Wherever, in the text of the Common Industry Standards, the expression "Company" or "Companies" is used, reference is made to the corporations, which are member of ASD.

  As a next step, it is intended to widen this European effort to include international partner companies, as represented in the sister organisations of ASD in the United States, Brazil, Canada and Japan in order to achieve a global united front against corruption.

- As company practices are a continuously evolving matter, the Task Force has laid down these Common Industry Standards with the conviction that it will be possible to gradually adapt, improve and refine them in the future.

Common Industry Standards

1. Compliance with laws and regulations

The Companies, their subsidiary companies and controlled entities, their directors, officers, employees and others acting on their behalf, are required, as a minimum standard, to comply with all applicable laws and regulations of the countries or territories in which they operate, in particular in relation with integrity matters.

2. Extent of application of the Common Industry Standards

The Companies give the largest possible scope of application to the present Common Industry Standards. In particular, they disseminate these Standards internally and within their subsidiary companies and controlled entities as well as with their agents and consultants.
They encourage their agents, consultants and business partners to adopt and comply with integrity standards consistent with the Common Industry Standards. Furthermore, in undertakings, in which the Companies do not have controlling power, they exercise their influence in order to have the Common Industry Standards adopted or complied with by these undertakings to the largest extent possible.

3. Prohibition of corruptive practices

Corruption, under the form of offering, promising or giving a bribe or any undue pecuniary or other advantage (active corruption), as well as under the guise of soliciting, demanding or extorting the same (passive corruption), distorts competition in the markets, is a criminal offence and must therefore be unequivocally condemned.

Public corruption (bribing of national, foreign or international public officials), as well as private-to-private corruption (corruption between private commercial or non-commercial entities), in order to obtain or retain business or other improper advantage (*e.g.* in connection with regulatory permits, taxation, customs, or judicial and legislative proceedings) must be banned from economic life.

The Companies, their directors, officers, employees and others acting on their behalf therefore abstain in all circumstances from all forms of direct and indirect corruption, through subsidiary companies, controlled entities, joint-venturers and subcontractors.

The Companies take, in particular, all reasonable measures within their power to avoid that money or other advantages are illicitly channelled by direct or indirect means to a public official.

4. Gifts and Hospitality

The provision of a gift or hospitality to a governmental customer or to a public official by way of a business courtesy may not be done if:

a. contrary to the laws and regulations of the country of the recipient;
b. done with a view to obtaining any improper advantage;
c. not duly accounted for in the books and records of the giver and in a manner which permits reasonable traceability.

5. Political donations and contributions

The Companies may make donations or contributions to political parties, party officials, party representatives or candidates only if allowed by the laws and regulations of the country concerned and in accordance with the applicable provisions thereof, including requirements of public disclosure of such donations or contributions. Any such donations and contributions shall be properly recorded in the Company's books and accounts.

6. Agents, consultants or intermediaries

6.1. General

Agents, consultants or intermediaries are an effective means of developing, expanding and maintaining the Companies' business. However, if not carefully selected or if inappropriately managed, agents, consultants or intermediaries may create considerable harm to a Company's reputation or may even trigger judicial proceedings, even if the Company is totally unaware of any impropriety.

6.2. Due diligence

Each Company shall pay therefore particular attention to the integrity profile of a potential agent, consultant or intermediary, before concluding any agreement or dealing in any way with a candidate. Companies shall conduct a thorough due diligence examination, using various information sources and records to assess a candidate's business and available personal standing; this may include a candidate's history, education, ethical behaviour, technical and financial background and his or her knowledge of the Company's environment and products.

Such assessment shall be periodically renewed.

6.3. The legal provisions

The candidate agent, consultant or intermediary shall be made aware of (i) the integrity policies of the Company, (ii) the legal provisions containing the incrimination of bribery of foreign public officials pursuant to the 1997 OECD Convention and UNCAC and (iii) the present Common Industry Standards, a copy of which shall be provided to him or her.

6.4. The agreement

The agreement concluded in a written form between the Company and the agent, consultant or intermediary shall contain a provision whereby the latter commits to comply at all times with the provisions mentioned in previous paragraph and more specifically that no part of any payment originating from the Company will be passed on as a bribe. Breach of this commitment shall entitle the Company to terminate forthwith the agreement.

The agent, consultant or intermediary shall report to the Company regularly and on a continuous basis on the accomplishment of his or her tasks and duties.

6.5. The fees

Fees payable to an agent, consultant or intermediary shall correspond to an appropriate remuneration for legitimate services effectively rendered. No payments shall be made in cash. Payments are made, save exceptional circumstances, in the country where the agent, consultant or intermediary is active or registered. These payments are properly recorded in the Company's books and records.

Fees can take many forms (marketing fee, support fee, retainer fee or success fee), they can be a fixed amount calculated on a hourly, monthly or yearly basis, or a fixed or variable percentage on the sales to a specified customer or the refunding of expenditure based on vouchers. Whichever form or method used for the fee payable to an agent, consultant or intermediary, it shall be based on the most objective elements possible.

6.6. Auditing/verification programmes

The Companies shall reserve the right to implement auditing/verification programmes in order to satisfy themselves that the agents, consultants or intermediaries are in compliance with their obligations.

7. Integrity programmes

The Companies put into place integrity programmes with a view to implementing the Common Industry Standards.

They shall regularly inform and train their directors, officers and employees about the changes to and the general implementation of the Common Industry Standards and the evolution in the field of business ethics, specifically as concerns anti-corruption.

They shall designate high level personnel responsible for overseeing the compliance by the Company with the provisions of the Common Industry Standards.

They shall encourage their officers and employees to report all specific concerns they may have in relation with the implementation of the Common Industry Standards and provide advice and guidance in this respect.

8. Sanctions

Appropriate, proportionate and dissuasive sanctions shall be determined and applied by each Company for evidenced cases of non-compliance with the Common Industry Standards.