



Air
Land
Sea
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Cyberspace

Innovation. In all domains.

One perspective on the AIA-ASD Global Principles of Business Ethics

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June 16, 2010

Global Principles of Business Ethics for the Aerospace and Defense Industry

- Shared executive level commitment
- Multi-year, sustained effort by Working Group to achieve alignment & draft Principles
- Journey toward common framework noted differing points of departure and emphasis
- Process built greater trust & understanding, plus recognition that the Principles are a starting point not an endpoint

Principles are a unifying achievement for the industry

Global Principles of Business Ethics for the Aerospace and Defense Industry

- Players who shaped the initiative 2005-2010:
 - Industry leaders
 - Discussions at AIA, ASD Ex Com sessions
 - Farnborough Paris Air Show discussions
 - Working Group activity
 - Government officials
 - Steve Shaw, USAF Contractor Responsibility official
 - Lord Drayson, former UK Minister of Defence Procurement
 - Lord Robertson, former NATO Secretary General
 - Non-Governmental Organizations
 - Transparency International – 2005 proposal for global defence industry anti-corruption consortium

- Common Industry Standards – 2007-2009
 - ASD, constituent European industry associations embrace a framework

Building consensus and alignment

Global Principles of Business Ethics for the Aerospace and Defense Industry

- Drafting the Principles (2008-2009)
 - AIA/ASD Working Groups meet:
 - Washington DC Dec 2008
 - Paris Mar 2009
 - London Jun 2009

- Global Principles endorsed by AIA/ASD
 - October 2, 2009

- IFBEC (International Forum for Business Ethical Conduct)
 - January 13, 2010 Berlin
 - June 18, 2010 Washington DC

Global Principles process gains momentum

Preamble and Implementation

- Preamble speaks to aspiration of operating to highest ethical standards, with DII and CIS as baselines for best practices.

- Much discussion about implementation of comprehensive programmes for:
 - policy awareness via training and communication
 - reporting of ethics and compliance concerns
 - sanctions for noncompliance

Integrity programmes must have “teeth” and be more than a mere policy pronouncement

Zero Tolerance to Corruption

- Not merely stating adherence to the letter of existing laws, but also setting forth an industry aspiration to be consistent with the spirit of zero tolerance
- Companies will refrain from offering, promising, providing any “improper advantage” to obtain or retain business. Appropriate accounting records for gifts, etc. will be maintained; policies will be established/enforced.
- Advisors will be required to follow related company policies.
- Companies will seek to eliminate facilitation payments.

Zero tolerance concept transcends compliance

Use of Advisors

- Broad definition of “advisors” assisting business development
- Company policies must address advisor role/duties
- Vetting of advisors by trained personnel
- Ongoing due diligence to assess advisors
- Payments to advisors only for legitimate & well-defined services, with effective controls
- Requiring advisors to comply with policies/Principles and reporting of advisors

Requires specific compliance elements for advisors

Managing Conflicts of Interest & Respect for Proprietary Information

- Engagement of former government officials a sensitive risk area requiring compliance to address potential conflicts of interest.
- Proprietary information of 3rd parties will not be solicited nor accepted without authorization by 3rd party. Obligation not to use and to disclose to 3rd party if proprietary information is received without authorization.

**Best practices in handling conflicts of interest,
proprietary information**

Beyond Today's Global Principles

- Ongoing dialogue and sharing of best practices at forums
- Outreach to involve more industry participants
- Meeting customer expectations
- Discussing and finding agreement on additional provisions to the Principles

More rewarding work is ahead of us