Basel Institute

Tim Schultz, IFBEC Chair
20 October 2016
Defence & AeroSpace Collective Action
What is the International Forum on Business Ethical Conduct – IFBEC?

A world platform

- Official industry structure coordinating and promoting ethical initiatives within the Defence and AeroSpace sector.
- Set up jointly by the ASD and the AIA in 2007. Now recognised as the sector's primary interface by all stakeholders worldwide.
- Establishment of the 'Global Principles': concrete expression of the business ethics commitments.
- Publication of a Public Accountability Report (level of maturity measured against 40 criteria).

Annual high level forum

- Nearly 100 participants from US and EU companies but also from Japan, Australia, Israel, China, etc.
- High level representatives from NATO, OECD, UN and NGOs (T.I.).
- Exchanges of best practices and answers to requests from stakeholders.
What is at stake?

- Defence and AeroSpace industry’s reputation on integrity issues:
  - Defence and AeroSpace is a sensitive and highly competitive sector where to comply with business-integrity regulations and standards is an absolute necessity.
  - Reputation is part of Corporation goodwill.

- Help our supply chain to develop effective anti-corruption programs.

- Reach a "level playing field" for all competitors.

- Recognition of integrity as a competitive advantage / a differentiation factor.
What are the objectives?

- Promote Defence & AeroSpace sectoral initiatives to key stakeholders (agencies, national governments... but also banks and finance world as well as civil society).

- Suggest integrity as a mandatory clause in international tenders.

- Develop a proactive dialogue with key NGOs (T.I.) and International organisations (ex. OECD, B20 / G20).

- Encourage international and pragmatic initiatives.

- Etc.
# IFBEC Member Companies

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<tr>
<th>Aerojet Rocketdyne</th>
<th>L-3 Communications Corporation *</th>
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<td>Orbital ATK</td>
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<td>Airbus Group *</td>
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* Steering Committee Member Company
IFBEC & Collective Action

• An association of aerospace & defense companies committed to Global Principles, and to anti-corruption programmes – founded 2010

• Engaged with Basel Institute Collective Action Hub and issued report on corruption risk in offset agreements November 2015

• Discussion of IFBEC Offsets report with GOCA, NDIA
  – Consensus desire by industry for greater transparency
  – 2016 Avascent industry survey shows only 31% of respondents are satisfied with host government openness & transparency regarding offsets and industrial participation requirements, while 69% are dissatisfied/uncertain

• Collective Action Initiatives: Model Code of Conduct for Suppliers
  NATO Building Integrity Partnership
IFBEC THREE-YEAR PLAN: THROUGH GLOBAL COLLECTIVE ACTION ADDRESS THE FOLLOWING FOUR OBJECTIVES

1. ENGAGEMENT WITH STAKEHOLDERS
   - Outreach Education Collaboration
   - Academic Thought-Leadership
   - Need to map out stakeholders (OECD, NATO, TI UK) at next meeting

2. LEVEL PLAYING FIELD
   - Membership outreach
   - Government lobbying
   - Increase diversity of members (size and geography)
   - Create invite/contacts list and assign invitations to members of the steering committee

3. DEALING WITH NEW CHALLENGES
   - Human rights as it applies to defense
   - Cyber ethics
   - Offsets
   - Drones
   - ISO 37001

4. IMAGE OF INDUSTRY IS FOURTH OBJECTIVE THAT IS ENHANCED BY THE OTHER THREE OBJECTIVES