

Moving forward

An update on the ongoing compliance investigations

In early 2016, Airbus informed the UK, German and French Export Credit Agencies (ECA) that it had discovered misstatements and omissions relating to information provided about third-party consultants in certain applications for export credit financing for customers. The company made a similar disclosure to the UK's Serious Fraud Office (SFO).

The disclosures led to the opening of investigations relating to irregularities concerning third-party consultants (business partners) by the SFO in 2016 and by France's Parquet National Financier (PNF) in 2017. Airbus is cooperating fully. Airbus also disclosed inaccuracies in filings made with the US Department of State pursuant to Part 130 of the US International Traffic in Arms Regulation (ITAR) in 2017. Airbus is also cooperating fully with the US authorities.

"Investigations of this nature are complicated and cannot be conducted in haste. Other companies have been under investigation and these typically last several years," explains John Harrison, Airbus General Counsel.

One area of cooperation is avoiding commenting on the investigation, which means not reacting to any media allegations. "People ask why Airbus is not more vocal in the press," says

Harrison. "As the ongoing investigations are confidential, Airbus will not comment further or react to every piece of information or correct every inaccuracy published in the media. However, that silence or refusal to comment should not be taken as an admission of anything or that we are not actively pursuing the best interest of Airbus in our interaction with the authorities."

Airbus is also acting to ensure that, whatever the eventual conclusions of the authorities may be, the circumstances that led to the investigations should not happen again. A thorough review of every area of the company's Ethics and Compliance policies and work is being carried out by a panel of expert advisers, the Independent Compliance Review Panel (ICRP; see interview right), and action is already being taken on their recommendations. "Going forward, we need to ensure that our house is in order and all our business is ethical, as well as fully compliant with relevant laws," concludes Harrison. "That's why we have three panel members who combine top level legal know-how with expertise in financial governance, ethics, politics and large businesses. They can help us to reach the exemplary standards we aspire to."



EMBEDDING COMPLIANCE

During one of their regular visits to Toulouse, the members of the Independent Compliance Review Panel (ICRP) met with *Airbuzz*

Could you describe your mission at Airbus?

Noëlle Lenoir: We're accompanying Airbus on a journey it chose to make, and is strongly committed to: undertaking business only with integrity. We aren't auditors or regulators and are offering an external opinion.

There has already been a lot of change so we're interested in seeing the impact on the ground and helping the culture to evolve further.

Lord Gold: Being external is important. We're independent of management and we place great value on what we hear through our interviews and review groups. When we give feedback or advice to Tom Enders it has to be firmly based in reality.

Theo Waigel: Corporations such as Airbus have to have robust compliance cultures. Global companies today have no other option. Our aim is to support, explain and develop this mindset.



TEAM AIRBUS

Expert panel

Noëlle Lenoir, Lord Gold and Theo Waigel are assessing Airbus' ethics and compliance programme and culture to make sure it complies with international standards

WHO'S WHO ON THE ICRP?

Noëlle Lenoir
Lawyer, formerly a judge, professor and chief ethics officer of the French National Assembly. She was also Minister for Europe and the first woman appointed to the Conseil Constitutionnel, the French Supreme Court for constitutional matters, and served as president of the EU's European Ethics and Science and Technology Group. She is currently president of the Ethics and Scientific Committee of Parcoursup.

Lord Gold
Sits in the British House of Lords and leads David Gold Associates, strategic litigation advisers. He started assisting Rolls-Royce with its compliance policies in 2013, using experience gained in the field with BAE Systems in 2010, having left international law firm Herbert Smith LLP, where he was senior partner.

Theo Waigel
Lawyer and politician. He was a member of Germany's Bundestag from 1972 to 2002. He served as Federal Minister of Finance in the cabinet of Chancellor Helmut Kohl from 1989 to 1998, and as chairman of the Christian Social Union in Bavaria from 1989 to 1999. From 2008 to 2012, he served as an outside compliance monitor for Siemens.

What have you focused on?

TW: We started by reviewing areas that we deemed to be most critical and relevant. These areas included tone from the top, policies, ethics and compliance training and communication, employee behaviour and speak up processes, sales practices and financial controls.

LG: Any large company selling high value items that uses business partners, third parties or intermediaries can be at risk. Many of these people and companies are completely honest but even a small percentage can become a large amount of money during a major deal. For anyone less than entirely scrupulous, corrupt practices could be tempting. Airbus has to guard against being associated with anything like this.

NL: This links to culture change. Issues of ethics and compliance must be completely integrated into every decision. Doing business the right way has to be automatic for every employee otherwise the company and individual employees are exposed to risk.

What stage of your work have you reached?

LG: We started with areas that we could get to grips with quickly, that were also priorities. Hearing that last year's sales targets for commercial aircraft were met without the use of a single third party was very encouraging news.

NL: Any large company should also ensure that its employees have the knowledge and support that they need. For that reason, we focused on reviewing training efforts as well as the staffing and organisation of the Ethics and Compliance function.

TW: We've gained an understanding of how Airbus Finance works and reviewed policies and processes, but the large volumes at Airbus Commercial meant we focused there. Now, we need to deepen our knowledge and expand it to other divisions and subsidiaries.

How do you feel about Ethics and Compliance going forward?

NL: The change has been radical and extremely rapid and the tone from the top is good. We are ensuring that the right approaches and practices are present throughout the company. Big companies wield considerable power, so people expect them to be responsible and above reproach.

TW: There are great people in place but more are needed in order to stay on top of matters. In particular, we need to see them involved in the day-to-day business of the company, because a well-established and accepted compliance team is key to sustained success. Compliance is everybody's business.

LG: Airbus is starting to embrace compliance teams as partners who help to ensure business is done properly and to the long-term benefit of all involved. There is still some way to go, but we feel sure that this will become the established, embedded view over the coming years. ■