VOICING OUR VALUES 2014
Our Vision
Be the Global Leader in Supporting Our Customers to Strengthen Global Security, Deliver Citizen Services and Advance Scientific Discovery.

Our Values
Do What’s Right - We are committed to the highest standards of ethical conduct in all that we do. We believe that honesty and integrity engender trust, which is the cornerstone of our business. We abide by the laws of the United States and other countries in which we do business. We strive to be good citizens and we take responsibility for our actions.

Respect Others - We recognize that our success as an enterprise depends on the talent, skills and expertise of our people and our ability to function as a tightly integrated team. We appreciate our diversity and believe that respect – for our colleagues, customers, partners, and all those with whom we interact – is an essential element of all positive and productive business relationships.

Perform With Excellence - We understand the importance of our missions and the trust our customers place in us. With this in mind, we strive to excel in every aspect of our business and approach every challenge with a determination to succeed. We seek not only the highest accomplishments as individuals, but also seek to help our fellow team members achieve at the highest levels.

Commitment to Inclusion
At Lockheed Martin, we embrace the diverse talents and perspectives of our people to power innovation and business success.

Full Spectrum Leadership Imperatives
• Shape the future
• Build effective relationships
• Energize the team
• Deliver results
• Model personal excellence, integrity, and accountability
Dear Training Leader:

Welcome to 2014 Ethics Awareness Training – “Voicing Our Values.”

Our annual training session encourages us to focus on the importance of integrity and inclusion in our work environment. It is an essential element of evolving our culture that we ensure all employees feel valued and empowered to bring their best to Lockheed Martin.

Voicing our values through daily actions reflects Lockheed Martin’s unwavering and long-standing commitment to ethical conduct. We recognize that all employees, and especially leaders, play an active role in guiding our ethical status.

A key element is the ability for all employees to talk about and take action for resolution to conflicts that may arise in our work environment.

Awareness training this year provides an opportunity for all of us to strengthen the skills we need to effectively address values conflicts and ethical dilemmas in the workplace. As a training leader, your role is critical to ensure a lively, healthy dialogue on the questions presented and to help others practice these skills, including taking action.

The case scenarios are based on real-life issues facing employees and reflect the complexities and realities in the workplace. These issues include enhancing customer relationships and performing with excellence in an increasingly competitive global market. Each case focuses on how each of us can address these issues more successfully when they arise.

It is important that you review this guide before facilitating a training session. The guide provides important discussion points for each case scenario presented and highlights the various techniques with which we want everyone to become comfortable. Please use the information to guide your group’s discussion.

Your role in upholding Lockheed Martin’s commitment to the highest standards of ethical business conduct is vital. The example that you provide to employees crosses the boundaries of department, business unit and business area. Inspiring our employees to recognize their obligation to act is a key component in building the “take action” culture.

Thank you for your support of Ethics Awareness Training and for your efforts in leading our workforce in “Voicing Our Values.”

Leo S. Mackay Jr.
Vice President, Ethics & Sustainability
# Table of Contents

- Preparing to Lead the Session .................................................................................................................. 3
- Voicing Our Values Techniques ............................................................................................................. 4
- Before the Session ................................................................................................................................... 6
- Leading the Session ................................................................................................................................... 6
- Case List and Key Issues ........................................................................................................................... 7
- Case Summaries and Leader’s Discussion Notes
  - Case 1 — *It’s Not Worth Wasting Time on This* ................................................................................... 8
  - Case 2 — *She Needs to Get Back to Work* ............................................................................................. 10
  - Case 3 — *It’s 2 Late Now* ...................................................................................................................... 12
  - Case 4 — *I Have the Contacts and Experience; How Could That Be Bad?* ...................................... 14
  - Case 5 — *Does Safety Mean Anything to You?* ................................................................................... 16
  - Case 6 — *The Underground Store* ......................................................................................................... 18
- Wrapping Up ............................................................................................................................................. 20
- Participation & Acknowledgement Form .................................................................................................... 21
- Facilitation Do’s and Don’ts ....................................................................................................................... 22
PREPARING TO LEAD THE SESSION

It’s important to go over this section before your session.

• Each case scenario presents a situation designed to raise ethics, inclusion, and Full Spectrum Leadership issues, showing the outcome of a values conflict or ethical dilemma in the workplace. The case scenarios are intended to demonstrate how various techniques may be used to more effectively address ethical dilemmas or values conflicts that we may encounter in the workplace.

• You are responsible for understanding these techniques before leading the awareness training session. In particular, we are asking everyone to consider how they might use any or all of the following techniques to more effectively voice their values:
  – Ask Questions  
  – Talk to Others
  – Obtain Data  
  – Reframe the Issue.

Definitions of these techniques are provided on page 4 of this guide with a link to a printable reference page for use by attendees when discussing the cases.

• For some of the scenarios, there may be a reportable violation. You will have the opportunity to discuss what may be reportable and when it should be reported. However, a big part of voicing our values means raising issues and using the techniques outlined above to prevent a violation from occurring.

The case summaries, pages 8 to 19, provide some discussion points for your use.

You should have time for three cases in your one hour session.

Virtual Groups

Prior planning is essential to ensure virtual sessions are meaningful for all participants. Be sure in advance that all locations either have the training DVD or access to the web-based version of the training.

If you are facilitating a session that includes participants both physically with you as well as on the phone or other conferencing system, ask all the participants to mute their phones when playing the video. Virtual participants may use the existing phone connection or Lync to go through the discussion questions.

When virtual participants are at multiple locations, a single larger group discussion may be needed instead of using multiple small groups. Ask the participants to share their responses. Be sure to put the audio systems in your rooms on mute as needed.

The discussion is a key element of this training, so as a leader, please arrange as many sessions as you need to allow all of your team members to participate fully.

The online version of the training is found at http://ethics.corp.lmco.com/ethics/awareness_training.cfm; or http://www.lockheedmartin.com/us/who-we-are/ethics/training.html.
Voicing Our Values Techniques

The key to voicing our values effectively to resolve ethical dilemmas or values conflicts is to recognize that such conflicts are not uncommon in the workplace. You can, and should, strategize how you might respond if faced with different types of ethical dilemmas or conflicts. By approaching conflicts in this manner, they become business problems that can be resolved by using an appropriate strategy, rather than emotional situations that you feel paralyzed to resolve. Should you be unable to resolve the conflict using these techniques, or in the event of a compliance breach, you should report the violation to your manager, Human Resources, the Legal Department, Security, Internal Audit, the EESH Office, or the Ethics Office.

The following are some of the techniques or actions you should consider using to address ethical dilemmas or values conflicts:

**Ask Questions**

- Gather information in a non-threatening way
- Don’t assume you’re right
- Probe for information rather than arguing.

Ask questions that demonstrate that you don’t assume you are right or know everything about the issue in question. Ask questions designed to gather information and help everyone involved in the discussion to have a clearer and more complete picture of the issue at hand. Asking questions in this manner can help you understand the situation in a way that resolves your values conflict. Alternatively, it may cause the other person involved in the conflict to reconsider his or her course of action as the discussion could lead them to rethink their initial course of action. For example, you could ask: “What factors did you consider in deciding XYZ?”; “Could you help me understand the basis for your decision?”;

**NOTE:** This information is available online in printable format.

For participants inside the firewall, go to [http://ethics.corp.lmco.com/ethics/awareness_training.cfm](http://ethics.corp.lmco.com/ethics/awareness_training.cfm) and click on “Voicing Our Values Techniques.”

For participants outside the firewall, go to [http://www.lockheedmartin.com/us/who-we-are/ethics/training.html](http://www.lockheedmartin.com/us/who-we-are/ethics/training.html), and click on “Voicing Our Values Techniques.”
“Did you consider that your approach could be viewed by some as high risk?” or “What mitigation plan do we have to address the risk?”

**Obtain Data**

- Use fact-based data to support your position. Don’t assume that the other person already knows and is disregarding this data.
- Explain how your data leads to a different outcome or conclusion.

Use fact-based logic and data to support your position. Ensure that those who are proposing actions that are causing you a conflict understand the data that should lead to a different outcome or conclusion. By voicing your values using data, you will avoid unnecessarily emotional arguments that likely will place the other person on the defensive.

**Talk to Others**

- Identify a network of people with whom you are comfortable.
- Look for those who have related experience.
- Be honest about your dilemma.

Identify people – your colleagues or leaders – with whom you feel comfortable discussing ideas and issues. Talk to them about the conflict that you face. Sometimes just talking over an issue helps you figure out how to handle it. Also, they may have experienced a similar situation. Find out how they handled it.

**Reframe the Issue**

- Use neutral language.
- Highlight a different perspective.
- Present risks of the current course and suggest alternatives.

Speak with the person on the other side of your dilemma. Rephrase the situation and options in more neutral language or in ways that highlight a different perspective that suggests an alternate course of action that is more consistent with your values. Reframe the issue in a manner that shows the other person that you are not questioning his or her integrity, but you do have a real concern that needs to be resolved for you to feel comfortable with the action you are being asked to take or the situation in which you find yourself. For example, a potentially unethical action can be reframed to show how the action creates a risk that the other person would want to avoid.
BEFORE THE SESSION

Here are some basic steps to take before the training session.

**Locate** the contact information for your Ethics Officer. You will need this for the closing message on page 20. You can locate this information on Enhanced White Pages, and it may differ for employees at different locations. **Identify** how many people in your organization are to be trained and schedule enough sessions for training groups of 12–24 people, although the training can be used for smaller or larger groups. **Send** participants a meeting notice with the time and place for the session. Send the notice sufficiently in advance to allow participants time to plan their schedules. A session is required to last at least one hour. Include directions on how to charge labor for the session. Most sessions can be conducted using online resources. **Reserve** a room with enough tables and chairs for comfortable seating, and a DVD player if necessary. **Test** the equipment to make sure it is working. **Test** the DVD disk in the machine that you will use during the session. NOTE: DVDs will not run automatically in most Lockheed Martin computers. Be sure you know how to activate the DVD for viewing. **Refer** to “Facilitation Do’s and Don’ts” on page 22.

**Select** three cases that are appropriate for your group, choosing one or more of the cases that will be the most challenging. **Familiarize** yourself with the cases by reading the summaries in this Leader’s Guide and, if possible, by previewing the video. If your session includes virtual participants, be sure to start the review of the video scenarios at the same time and ask participants to mute phone lines while watching the cases.

LEADING THE SESSION

Arrange your session into groups of six to eight people each. Distribute to the attendees in your training session copies of pages 4 and 5 in the Leader’s Guide and “Our Values” both found online at [http://ethics.corp.lmco.com/ethics/awareness_training.cfm](http://ethics.corp.lmco.com/ethics/awareness_training.cfm); or [http://www.lockheedmartin.com/us/who-we-are/ethics/training.html](http://www.lockheedmartin.com/us/who-we-are/ethics/training.html).

Provide directions on how to charge labor for the training session. Provide directions on how to acknowledge participation.

If any participants are hearing-impaired, click on the “Subtitles” button before playing the introductory video.

**Click** “Introduction” to play the video segment which includes a message from Chairman, President and CEO Marillyn Hewson, as well as an overview of how the activity works.

**Play** a case.

**Discuss** the case in small groups and answer the questions on the screen. The discussion should last for several minutes. Following the small group discussions, ask the small groups to share with the larger group.

**Select** “Continue” to view the second part of the video. At the conclusion of the video, ask for any additional comments.

**Repeat** the process to complete at least three cases (or as many cases as can be covered in the available time, which should be no less than one hour).

**Deliver** a concluding message. See page 20.

*Note: For virtual session, see page 3.*
### Case List and Key Issues

<table>
<thead>
<tr>
<th>Case List</th>
<th>Key Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Case 1: It’s Not Worth Wasting Time on This</strong></td>
<td>Customer Relationships, Leadership, Reporting Concerns and Violations</td>
</tr>
<tr>
<td><strong>Case 2: She Needs to Get Back to Work</strong></td>
<td>Customer Relationships, Mischarging, Family Medical Leave</td>
</tr>
<tr>
<td><strong>Case 3: It’s 2 Late Now</strong></td>
<td>Mischarging, Falsifying Records</td>
</tr>
<tr>
<td><strong>Case 4: I Have the Contacts and Experience; How Could that Be Bad?</strong></td>
<td>International Business Practices, Conflict of Interest, Export Control</td>
</tr>
<tr>
<td><strong>Case 5: Does Safety Mean Anything to You?</strong></td>
<td>Leadership, Safety, Schedule Pressure, Customer Expectations</td>
</tr>
<tr>
<td><strong>Case 6: The Underground Store</strong></td>
<td>Leadership, Mischarging, Kickbacks, Retaliation</td>
</tr>
</tbody>
</table>
What Voicing Our Values techniques were used or should be used? How and by whom? Which do you think would be most effective and why?

Fitz could have decided to call Sharon and request that action be taken against Deb. Instead, he opts to contact Deb directly, demonstrating both the Talk to Others and Reframe the Issue techniques.

Deb is dismissive toward Fitz. While her behavior is not confrontational, her tone of voice and body language are disengaged and not helpful. She is also unwilling to assist Jason with his concern and does not display the traits of Full Spectrum Leadership. In both situations, Deb could have been more respectful and offered a more complete explanation of the situation. Now that she has begun to understand the situation after Fitz calls, she might try to Talk to some of her team members, her leader Sharon, a mentor or peer for advice on how to handle the situation.

Donna encourages Jason to talk with Deb, but she could assume responsibility and take more direct personal action.

Jason does take the initiative to speak with Deb (Ask Questions, Reframe the Issue) and Sharon (Talk to Others/Report Violations).

Sharon listens to Jason’s concern and speaks with Deb (Ask Questions, Reframe the Issue.) Sharon could more aggressively Reframe the Issue to help Deb understand the need to more fully engage with her team and her customer, perhaps suggesting...
that Deb put herself in Fitz’ shoes and consider the impact of her behavior on the customer relationship and on her team’s productivity. Sharon might Talk to Others, including peers, for other ideas about how to handle the situation.

- When is it appropriate to hold back on potentially negative information? Is there a difference when you are sharing an issue with your leadership as compared with sharing it with the customer?

There is an old adage: “bad news does not get better with age.” There may be disagreements about how likely or significant a potential negative occurrence might be, but even when that is the case, we should not intentionally withhold potentially negative information from a customer or leader. Rather, we should be open and honest about the issues at hand and enlist their assistance in resolving the problem(s.) It’s appropriate to bring possible solutions or mitigations forward at the same time an issue is raised, but that is not a precondition. Note: decisions to provide negative information to customers should be fully coordinated in advance with leadership within your program or function. Leaders should help their team members determine the best way to communicate such information.

- How can leaders demonstrate that they are willing to hear bad news from employees?

Employees might avoid reporting bad news to their supervisor unless the leader has made it clear in advance that he or she really wants to hear it. Asking for negative reports on just one occasion may not achieve the goal; it takes repetition. Employees watch carefully what happens to their peers who report bad news, and even one incident that is perceived as “punishing the messenger” may keep others from speaking up.

Following the discussion, the group watches the second half of the video.

Closing remarks on this case:

We should be respectful, open and honest in all of our business interactions. In particular, our customer relationships should reflect the highest levels of respect. In this case, Deb’s lack of respect for her own team members was also a significant issue. Calls to the Ethics Office often involve communications issues. Asking for assistance from your Ethics Office or others, including your senior leader, or HR Business Partner, may be helpful in such situations.

RELEVANT POLICIES:

CPS-001 Ethics and Business Conduct
CASE 2: She Needs to Get Back to Work

Main Characters

- Sarah – new team member
- Gloria – new customer representative
- Tiffany – Sarah’s manager
- Lydia – (not shown) team member on maternity leave
- Sean – Sarah’s co-worker and Lydia’s husband
- Samantha – HR Business Partner

SUMMARY

Sarah has just joined the team as a temporary replacement for Lydia, who is on maternity leave. Sarah is working on a program led by the new customer representative Gloria. Gloria pushes Sarah for additional work, claiming that it should already have been done. Sarah, trying to make a good impression on Gloria, starts doing the work on her own time at home; not realizing this is misdirected scope creep and potential mischarging. Tiffany, Sarah’s manager, is pressuring Lydia to return to work. Sean, Lydia’s husband and a friend of Sarah’s, recognizes that Sarah is doing work beyond the scope of the contract.

Leader’s Note: Here are some notes to help guide the group’s discussion.

DISCUSSION QUESTIONS

- Which Lockheed Martin values (Do What’s Right, Respect Others, Perform With Excellence) are most significant in this scenario…and why?

All of our values may come into play in this scenario, depending on which aspect of the case you are considering. Thought starters about our Values are on page i.

- **What Voicing Our Values techniques were used or should be used? How and by whom? Which do you think would be most effective and why?**

Sarah, in her attempt to meet her customer’s demands, doesn’t Obtain Data or Ask Questions that might have clarified the tasks she should be performing. Now that Sean has made her aware of the potential problem, she might Obtain Data to confirm the scope of her responsibilities or Talk to Others about how to approach Gloria or Tiffany.

Sean has done a little research about the additional work Sarah is doing by speaking with Lydia, and he encourages Sarah to approach Tiffany (Talk to Others) about the project. It’s possible that he might have provided more direct assistance, for example by speaking with Tiffany himself. Sean has Reported a Violation to Human Resources as regards Tiffany’s continuing pressure for Lydia to return to work.

Tiffany does not Ask Questions of Sarah or her department that might have revealed the issue much earlier. Tiffany could have spoken directly with Gloria regarding the work transition from Lydia to Sarah (Talk to Others). As Sarah’s manager, Tiffany should take the time to discuss Sarah’s concerns but instead is more focused on Lydia’s medical leave; this is not the expected behavior of Full Spectrum Leadership.

- **What issues might arise when a co-worker is out for an extended period of time and how should those issues be addressed?**

When a team member is absent for an extended period, the leader should make sure that all of that employee’s tasks are
covered, whether by current team members, sharing with other organizations, a temporary staff member, or other means. The leader should ensure that others on the team, and other stakeholders including customers, are aware of how these tasks will be accomplished, or if they are being postponed. A new or temporary team member should receive appropriate training and briefings, and should be provided with appropriate mentoring and leadership guidance. Leaders may consult with their HR Business Partner to ensure a smooth transition. Similarly, a transition plan should be developed for use when the absent team member returns to work.

Following the discussion, the group watches the second half of the video.

Closing remarks on this case:

Laws vary regarding time off and compensation for new parents. In the United States, the Family Medical Leave Act applies to Lydia’s maternity leave. In other countries, including Australia, Canada and the United Kingdom, local laws and regulations apply.

Samantha could have simply cited law and regulation to Tiffany, but instead tries to Reframe the Issue for Tiffany by reminding her of the work that both Lydia and Sarah are doing to make the team changes transparent to the customer.

As a leader, Tiffany should have had a plan for bringing Sarah on board, training her, and ensuring that she fully understood the scope of her responsibilities. Tiffany also should have checked in regularly with Sarah regarding her work and progress. Tiffany appears to hold Sarah primarily responsible for the situation, but in reality, Tiffany should acknowledge primary responsibility for not providing the proper guidance and support.

There is a time charging issue depicted in this case because Sarah has not accounted for her additional time while working on a U.S. government contract. In other countries, such as Canada, different disclosure statements or cost accounting standards may apply.

Sean and Lydia are married co-workers, but as long as they are not in a reporting relationship, there is no conflict of interest. Family relationships should be disclosed to the Legal Department as required by CRX-014 so that any potential conflict of interest can be prevented. Possible misconduct by an employee’s supervisor or manager should be reported to their Ethics Officer or Human Resources Business Partner.

Security rules regarding laptops vary depending on the business area and program’s specific requirements. Check with your local IT Security team regarding your specific requirements.

The Contractor Performance Assessment Reporting System (CPARS) applies only to U.S. Government contracts.

RELEVANT POLICIES:

CPS-001 Ethics and Business Conduct
CPS-003 Non Discrimination Equal Employment Opportunity
CRX-535 Family and Medical Leave
CMS-505 Recording and Verification of Direct Labor Costs
CPS-564 Harassment-Free Workplace
CPS-007 Personal Use of Lockheed Martin Assets
CRX-014 Individual Conflict of Interest
CASE 3: It’s 2 Late Now

Main Characters
- Ed – technician
- Dionne – technician
- Peter – technician
- Trevor – (not shown) supervisor

SUMMARY
The team’s work output suffers as several members take advantage of a supervisor who is on vacation. The acting supervisor has not spent much time with them. Ed is watching a game on his phone at work and texting his son. Dionne is concerned about the progress of the work and pushes Ed to get on with applying sealant to an assembly. Ed and Dionne complete an assembly using sealant whose working time may have expired. Peter, an employee with a visual impairment, helps check the sealant specifications.

Leader’s Note: Here are some notes to help guide the group’s discussion.

DISCUSSION QUESTIONS
- Which Lockheed Martin values (Do What’s Right, Respect Others, Perform With Excellence) are most significant in this scenario…and why?

All of our values may come into play in this scenario, depending on which aspect of the case you are considering. Thought starters about our Values are on page i.

- What Voicing Our Values techniques were used or should be used? How and by whom? Which do you think would be most effective and why?

Dionne tries to Reframe the Issue for Ed when she notes that Trevor does not need a mischarging concern when he returns from vacation. She Obtains Data through Peter to ensure the proper application process is followed. When she realizes that Ed has improperly applied the first mix, she might Reframe the Issue for Ed, or perhaps reach out to Talk to Others in Quality and Engineering for guidance.

Peter has Obtained Data that has led him to be concerned about the team’s performance. And he Talks to Others about his worries, in this case speaking with Dionne. Either Peter or Dionne might try to track down Allen, the missing supervisor, or escalate their concerns to their next level leader.

- In your work group, think of something specific that might cause you to have to choose between quality and schedule. How could you prevent this? What would you do if it actually happened?

This should be an open discussion for the group.

Following the discussion, the group watches the second half of the video.
Closing remarks on this case:

It’s never too late to do what’s right. Even though Dionne did apply the second mix, she realized that there was a question about the process used and decided not to continue. It is not acceptable to sign off on work or inspection steps if there is a question as to whether the work has been properly completed. This includes all aspects of our work, not just our manufacturing operations. For example, the same principles apply to engineering and financial analyses and reviews, procurement packages, and waste material disposal.

This case addresses reasonable accommodation in the workplace for employees with disabilities. Lockheed Martin supports accommodation for all employees or applicants who are capable of performing the job. Leaders will work with their HR Business Partners to review requests for, and implement approved, accommodations. It is important to remind session attendees that treating people with respect and dignity ensures the long-term sustainability and competitiveness of our business. The scenario opens the opportunity for dialogue about many of the concerns faced by our employees with disabilities and how these concerns may be addressed when necessary.

You may reach out for advice about talking with others on this subject. For instance, the Equal Opportunity Programs or Diversity Office can help.

**RELEVANT POLICIES:**
- CPS-001 Ethics and Business Conduct
- CPS-002 Quality, Mission Success and Safety
- CMS-505 Recording and Verification of Direct Labor Costs
- CPS-575 Providing Reasonable Accommodations in the Workplace and for Applicants
- CPS-718 Disclosures to the United States Government
CASE 4: I Have the Contacts and Experience; How Could that Be Bad?

Main Characters
- Robert – manager based outside US
- Harris – supplier, Robert’s long-time friend
- Natalie – Robert’s manager, based outside U.S.
- Amber – regional attorney

SUMMARY
Robert and his manager, Natalie, are attending an international conference in a region where they are developing an additional business opportunity beyond the current programs. This opportunity will require more of a local presence, and Robert is trying to identify possible suppliers in the region. Meanwhile there is a problem getting parts through customs for a current customer. Robert runs into Harris, a close friend, who offers to represent the company. Natalie is concerned about a possible conflict of interest, and Amber, the regional attorney, gets involved in the discussion.

Leader’s Note: Here are some notes to help guide the group’s discussion.

DISCUSSION QUESTIONS
• Which Lockheed Martin values (Do What’s Right, Respect Others, Perform With Excellence) are most significant in this scenario…and why?

All of our values may come into play in this scenario, depending on which aspect of the case you are considering. Thought starters about our Values are on page i.

• What Voicing Our Values techniques were used or should be used? How and by whom? Which do you think would be most effective and why?

By speaking with Natalie, Robert takes the initiative to Talk to Others in order to better understand the consultant selection process. Natalie Asks Questions of Robert in order to help him understand the importance of taking the proper steps to recommend a friend for placement in a consulting relationship, especially one that might have responsibilities associated with Robert’s job assignment. Robert could Obtain Data on the consultant hiring process by contacting Legal or Corporate Consultant Services, and he could contact International Trade Compliance to better understand the international shipping process.

• Why is preventing a conflict of interest, like the one Robert might have with Harris, important to preventing corruption? What other issues might arise in placing work with new suppliers?

All of our business practices are to be conducted in a thorough and impartial manner, with fair competition. Selecting consultants or suppliers based on personal relationships undermines this process. In this case, Robert’s personal friendship with Harris might lead to him giving Harris preferential treatment or trying to ignore “red flags” regarding Harris’ suitability for that role.

Gifts and business courtesies may be a particular issue with new suppliers who are not familiar with our policies. Suppliers used to operating in the commercial arena are often not aware of the restrictions associated with government contractors. However, even commercial activities are subject
to anti-corruption laws and regulations in many countries in
which we do business.

*Following the discussion, the group watches the second half of
the video.*

*Closing remarks on this case:*

Lockheed Martin has zero tolerance for corruption. In this
case, Harris’ offer to have his uncle help with the parts that are
stuck in Customs is of concern. He appears to be suggesting
that he could use his familial relationship with the Customs
Director to bypass the normal regulatory process. Actions
taken on behalf of our company to influence a decision by a
government official would be unethical, since such an avenue
for remediation is not available to all exporters, and it could
potentially be illegal - it could be a violation of U.S. and the
country’s Customs or anti-corruption regulations. Obtaining
improper influence, whether real or perceived, destabilizes
the business environment and fair competition, puts business
at risk and results in costly business and, at times, personal
criminal and civil penalties. Reputational risks cannot be
measured. Lockheed Martin would rather walk away from
business than risk violating U.S. or other countries’ law or our
Code of Conduct, and Lockheed Martin has so walked away.

CRX-014B Third Party Employment and Relationships, requires
the reporting of the relationship between Harris and Robert.
There are many issues related to the United States’ Foreign
Corrupt Practices Act (FCPA) and potentially other countries’
anti-corruption laws and in this situation, the involvement of
a friend’s family member in a senior government office might
be a violation of the FCPA. Laws and conflicts of interest can
be complex, particularly when working with international
governments, consultants and suppliers. CPS-730,
Compliance with the Anti-Corruption Laws, and CRX-014,
Individual Conflict of Interest, are key governing policies.
All employees engaged in international business should be
familiar with, and have received compliance training in, the
requirements of CPS-730 before performing international
business-related services on behalf of Lockheed Martin.

CPS-008 Gifts and Business Courtesies contains information
relevant to the receipt and presentation of gifts to Lockheed
Martin employees, supply chain partners and customers in
the United States, and to federal, state and local government
officials in the United States.

The laws governing international shipments are complex,
and the documentation required can be confusing. There is a
network of experts in International Trade Compliance across
the company, available to help you with any intentional
shipments. Remember that exports also include data and
information, and we must be particularly careful when
sending e-mail between countries.

**RELEVANT POLICIES:**

CPS-730 Compliance with the Anti-Corruption Laws
CRX-011 International Consultants
EXP-100 International Trade Controls and
Compliance Export
CRX-014 Individual Conflict of Interest
CPS-008 Gifts, Gratuities and Other Business Courtesies
CASE 5: Does Safety Mean Anything to You?

Main Characters
• Jeannie – manager
• Blaine – team member
• Rob – team member

SUMMARY
The pressure is on to deliver the product but there’s a problem with a possible leak in the spray booth. A supplier working party arrives on site to perform the repair work on the booth, but they do not have the proper paperwork required to perform the work safely. Blaine and Rob want to go ahead with the work, but Jeannie is concerned. No one wants to have to tell the customer about the possible delivery delay.

Leader’s Note: Here are some notes to help guide the group’s discussion.

DISCUSSION QUESTIONS
• Which Lockheed Martin values (Do What’s Right, Respect Others, Perform With Excellence) are most significant in this scenario…and why?

All of our values may come into play in this scenario, depending on which aspect of the case you are considering. Thought starters about our Values are on page i.

• What Voicing Our Values techniques were used or should be used? How and by whom? Which do you think would be most effective and why?

Jeannie takes the initiative to Obtain Data about the situation by checking policy and she tries to Reframe the Issue for Blaine when she asks why he thinks the booth workers wear protective gear. She uses several techniques to try to reach the best decision. She might also Talk to Others (her leadership or other organizations) to see if there are other possible alternative approaches.

Blaine doesn’t Ask Questions that could help find a solution. Instead, he focuses on trying to sidestep the issue. The questions he asks are not really structured to gain an improved understanding of the situation.
Rob, who is most interested in staying on schedule, asks questions but is clearly more interested in getting parts through the system and avoiding the effects of a shutdown. Either Blaine or Rob could take some of the same additional steps as Jeannie.

- **If you were Jeannie, what additional action might you take after this incident was resolved? At what point should this incident have been reported to anyone else?**

Jeannie might hold a team meeting to discuss what happened and glean lessons learned, both in terms of ethical decision making and also regarding the specific safety and environmental requirements of the operation. She might also request an audit of the maintenance process to ensure that a similar incident would not occur on spray booths in the future, or convene a process improvement team to look at how to better manage the maintenance process.

The situation could have been reported at any point, but definitely if any action had been taken either to proceed with the repair work without proper documentation, or to continue using the booth without either the repairs having been completed or proper documentation that the repairs could be delayed.

*Following the discussion, the group watches the second half of the video.*

**Closing remarks on this case:**

It is important to adhere to all environmental and safety requirements and these should not be bypassed due to schedule pressures. Personal protective equipment should be worn, and system maintenance should be completed on schedule.

**RELEVANT POLICIES:**

- CPS-015 Environment, Safety and Health (ESH)
- ESH-01 ESH Management System
- ESH-04 Reporting of Incidents and Regulatory Agency Notifications
- ESH-17 Global ESH Standards.
**CASE 6: The Underground Store**

**Main Characters**
- Ron – employee
- Jeff – manager
- Julia – employee
- Samantha – Ethics Officer

**SUMMARY**

Ron is running a snack store for a team at a location with no vending machines or other food service. He is taking a kickback from the snack supplier. Jeff, a former peer co-worker of Ron’s, has become the group’s manager and starts asking questions about the time and process Ron is using to run the store. Ron and Jeff have some negative interpersonal history. Julia, Ron’s co-worker, tries to counsel both Ron and Jeff.

**Leader’s Note:** Here are some notes to help guide the group’s discussion.

**DISCUSSION QUESTIONS**

- *What Voicing Our Values techniques were used or should be used? How and by whom? Which do you think would be most effective and why?*

**Julia Talked to Others,** both Jeff and Ron. She recommended that Jeff talk to Ron to try to better understand the situation. She also tried to *Reframe the Issue* for Ron so that he wouldn’t continue to be hostile toward Jeff. While many people might choose not to get involved, Julia demonstrates how any of us can *Take Action* in similar circumstances.

**Ron** could have *Asked Questions* and *Obtained Data* to better understand procurement, gifts and business courtesies and labor charging policies. By taking this action he might have avoided becoming involved in a kickback scheme with the snack supplier.

**Jeff Asks Questions** about Ron’s tasks and work schedule and gets a better understanding of the situation. Jeff also *Talks to Others* (Julia). He could have ignored his observations. However, to do so would be the very inaction our Voicing Our Values training is aimed at overcoming.

- *Is there any time when it is acceptable to accept a gift, cash, or other business courtesy from an external party? When might a member of your work group be offered a business courtesy?*

A gift or other business courtesy may influence the receiver to “return the favor” by showing preference to the giver. In this case, Ron is apparently receiving tickets from Jerry in exchange for his snack purchases, which would be considered a kickback. There are very limited circumstances in which an employee may accept a gift or business courtesy. Those situations are described in CPS-008 Gifts, Gratuities and Other Business Courtesies.
Employees in any way involved in procurement must be even more cautious, and may only accept unsolicited promotional items with a fair market value of less than $20.

- **At what point should a violation be reported in this situation and why?**

  As soon as Jeff recognizes that Ron might be mischarging his time or taking a kickback from the snack supplier, he should **Report a potential Violation**. For these concerns, he might contact his Ethics Officer or Human Resources Business Partner.

  *Following the discussion, the group watches the second half of the video.*

  *Closing remarks on this case:*

  At some locations, food service and vending agreements may prohibit any “snack stores” as shown in this case.

  This case includes a mischarging concern due to Ron’s time charged while working on the store. Falsifying charges is a serious concern. The **potential violation must be reported** for investigation and, if substantiated, it may be reportable to the customer. Confirmed mischarging may result in disciplinary action up to and including termination of employment, and may even result in the personal debarment of the mischarger from contracting with the government. For more information, see CPS-718 Disclosures to the United States Government.

  It isn’t retaliation when a leader is addressing performance concerns or ethics issues. Lockheed Martin defines “retaliation” as unfair or inappropriate treatment against an employee for reporting misconduct, filing a complaint, assisting another in making a complaint, participating in a Company internal investigation, or making an ethics-related inquiry. While retaliation as defined is not present in this case, whether overt or subtle, retaliation against anyone who makes an inquiry, participates in an investigation or reports misconduct in good faith is not tolerated at Lockheed Martin and should be reported immediately.

  We are told that this is a remote site. Leaders responsible for small and remote sites should take extra measures to ensure that policies are well understood and followed, and to review the local operating practices.

  Information on retaliation is covered in CPS-001 Ethics and Business Conduct as well as in “Setting the Standard,” Lockheed Martin’s Code of Conduct, found at:

  http://www.lockheedmartin.com/us/who-we-are/ethics.html

  **RELEVANT POLICIES:**
  - CPS-001 Ethics and Business Conduct
  - CPS-008 Gifts, Gratuities, and Other Business Courtesies
  - CMS-505 Recording and Verification of Direct Labor Costs
  - CPS-716 Compliance with the Anti-Kickback Act of 1986
  - CPS-718 Disclosures to the United States Government
WRAPPING UP - YOUR CONCLUDING MESSAGE

• Thank participants.

• Remind employees to go online to acknowledge completion of the training. (Or make sure all participants have signed the participation and acknowledgement sheet if online form is not available).

• Inform employees that their feedback is important and ask that they complete the training evaluation that is available online.
  – **Outside the firewall**, go to http://www.lockheedmartin.com/us/who-we-are/ethics/training.html and click on the “Survey” link.
  – Some participants and session leaders will receive an e-mail with a survey request. Please participate if asked.

• Provide your concluding message.

SAMPLE CONCLUDING MESSAGE

Thank you for your participation. I want to encourage you all to continue to talk and think about the importance of taking action and voicing our values. This should not be a once-a-year dialogue. Also, I want to emphasize that as Lockheed Martin employees, we are all encouraged to seek advice, express concerns, or report violations to the person with whom we are most comfortable; your manager, the local Ethics Officer, Human Resources, Audit, Legal, EESH, or the Corporate Ethics Office.

**Our local Ethics Officer is**

Name: __________________________________________________________

Phone: __________________________________________________________

You must register participation in this session using the online acknowledgement of completion of the training (or signing the participation and acknowledgement sheet).

One last note – your feedback on this training program is extremely important. The training evaluation form is online and is part of the online training acknowledgement process at the Corporate Ethics & Business Conduct website; go to the Ethics Awareness Training Resources page at http://ethics.corp.lmco.com/ethics/awareness_training.cfm or http://www.lockheedmartin.com/us/who-we-are/ethics/training.html.

Please participate if you receive an e-mail with a survey request. Thank you for participating in today’s program.
PARTICIPATION AND ACKNOWLEDGEMENT FORM

All employees are required to record participation in a training session.

**Online:** Most business units use the Online Participation and Acknowledgement feature. Visit either the internal or external LMPeople website and click on “MyLearning” and then on the “Learning Plan” link. Click on “2014 Ethics Awareness Training” and scroll to the “Self Completion” section and click on “Take Credit for this Course.” Enter the date you completed your training and click “Take Credit.”

**Manual:** For sites not using this online feature, a hard copy of the participation and acknowledgement form is included in this year’s materials. When the hard copy form is to be used, the leader of the session should make a sufficient number of copies for all participants (one form can be used for up to 20 participants). Signed forms are to be returned to the Ethics Office.

TRAINING EVALUATION FORM

Your feedback is important and we encourage all participants to complete a Training Evaluation Form. For participants inside the firewall, visit [http://ethics.corp.lmco.com/ethics/awareness_training.cfm](http://ethics.corp.lmco.com/ethics/awareness_training.cfm) and click on the “Survey” link. For participants outside the firewall, go to [http://www.lockheedmartin.com/us/who-we-are/ethics/training.html](http://www.lockheedmartin.com/us/who-we-are/ethics/training.html) and click on the “Survey” link.
### FACILITATION DO’S AND DON’TS

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<th><strong>Facilitation Do’s</strong></th>
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<tr>
<td><strong>Do</strong> send out a meeting notice to all participants well in advance of the scheduled session. Include labor charging direction.</td>
<td><strong>Don’t</strong> wait until the last minute to schedule your session.</td>
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<td><strong>Do</strong> take the time to review the training materials, understand the Voicing Our Values Techniques, and select cases that are most relevant for your group. Your Ethics Officer can help you with this.</td>
<td><strong>Don’t</strong> wait until you’re in the room to figure out how to facilitate the training or use the audio visual equipment.</td>
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<td><strong>Do</strong> know the name and phone number for your Ethics Officer.</td>
<td><strong>Don’t</strong> forget to encourage employees to contact their Ethics Officer at any time, even just for advice.</td>
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<td><strong>Do</strong> test the DVD in the player/computer you will use in the session before the meeting date. 1) Insert the DVD, 2) Press Windows key and E key, 3) Right click on DVD, 4) Click on Play. (Contact your IT Services if needed.)</td>
<td><strong>Don’t</strong> wait until the day of your session to test the DVD in the machine that you will use in the session. <strong>Don’t</strong> overlook the use of online training in lieu of the DVD.</td>
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<td><strong>Do</strong> consider virtual training methods such as Lync or Live Meeting if your team is widely distributed (if needed, seek help from your IT support group).</td>
<td><strong>Don’t</strong> forget to involve those employees participating via phone.</td>
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<td><strong>Do</strong> select a variety of cases, including those that may be the most challenging or uncomfortable to discuss.</td>
<td><strong>Don’t</strong> select only cases that you’re comfortable with – you might miss out on some of the most valuable learning opportunities.</td>
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<td><strong>Do</strong> arrange the teams so that participants can easily discuss the cases among themselves and between teams.</td>
<td><strong>Don’t</strong> forget to arrange people in teams before you review the cases.</td>
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<td><strong>Do</strong> take the initiative to get everyone involved in the activity and keep the conversation flowing around the room.</td>
<td><strong>Don’t</strong> let people “sit out” the session without participating, or allow one or two people to dominate the entire discussion.</td>
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**NOTE**: This page is available online in printable format. **Internal**: http://ethics.corp.lmco.com/ethics/awareness_training.cfm  **External**: http://www.lockheedmartin.com/us/who-we-are/ethics/training.html
**PARTICIPATION AND ACKNOWLEDGEMENT FORM**

Note: Use of a hard-copy version of this form may not be required if your business unit is tracking training online.

2014 Ethics Awareness Training and Diversity Dialogues

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<td>Employee Group: ________________</td>
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Return signed forms to the Ethics Office.
With permission of the author, the techniques suggested for dealing with values conflicts identified herein are based on the book *Giving Voice to Values: How to Speak Your Mind When You Know What’s Right*, by Mary C. Gentile, New Haven: Yale University Press, 2010.

As in past years, each case scenario is based on one or more real situations that happened here at Lockheed Martin. If you are interested in further exploring the ideas addressed in this year’s training and/or finding out where to purchase the book, please visit www.GivingVoiceToValuesTheBook.com.