PRESENTERS

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DISCLAIMER

The information presented in this webinar is not all-encompassing on the vast topics of ethics and compliance.

The material is offered as support and guidance, and it does not supersede or in any way impact your contractual obligations under subcontracts or purchase orders received from LMC.

You are solely responsible for determining the content and scale of your ethics and business conduct program.

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ELEMENTS OF AN EFFECTIVE ETHICS PROGRAM

- Company Values
- Program Structure & Oversight
- Leadership Commitment
- Risk Assessment
- Policies & Procedures
- Code of Conduct

- Training
- Communications
- Program Assessment
- Reporting Mechanisms
- Investigations & Disclosures
- Discipline & Incentives
WEBINAR AGENDA

- Recap of Last Webinar
- Risk Assessment
- Policies & Procedures
- Code of Conduct
- Supplier Codes of Conduct
RECAP OF LAST WEBINAR
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Company values shape organizational culture, ethics program

Many ways to structure ethics program, even with team of one

Framework of ethics program should be documented

Leaders need to “walk the talk” for ethics program to be credible
RISK ASSESSMENT & MANAGEMENT
RISK ASSESSMENT – WHY?

Risk Assessment

- Policies & Procedures
- Code of Conduct
- Training
- Communications

Risk Assessment
RISK ASSESSMENT – WHAT?

- Identify Risks
- Prioritize Risks
- Address Risks
RISK ASSESSMENT – HOW?

STEP ONE

**Identify Risks**

- Customer expectations
- Laws, regulations, standards
- Current events (external)
- Past performance
- Management perspectives
RISK ASSESSMENT – HOW?

STEP TWO

Prioritize Risks

Focus on Risks with High Impact, High Likelihood

Rank Impact, Likelihood, Vulnerability for each Risk

Plot on Graph
RISK ASSESSMENT – HOW?

Address Risks

✓ Policies & procedures
✓ Training
✓ Communications
✓ Reporting mechanisms
✓ Decision-making tools
✓ Strategic planning
✓ Ongoing monitoring

STEP THREE
POLICIES & PROCEDURES
POLICIES & PROCEDURES – WHAT?

How To Do Stuff
POLICIES & PROCEDURES – WHY?

- Communicate expectations
- Facilitate compliance
- Reduce risk
- Demonstrate efforts
POLICIES & PROCEDURES – EXAMPLES

Case Management Procedure
Non-Retaliation
Conflicts of Interest
Time Charging
Anti-Corruption / Business Courtesies
Use of 3rd Parties Operating Outside the U.S.
U.S. Export & Import Compliance
Anti-Trust and Fair Competition
Drug Free Workplace
Smoke Free Workplace
U.S. Equal Employment Opportunity/Affirmative Action
Non-Harassment
Workplace Violence Prevention

Contracting with the U.S. Government
Human Trafficking Prevention
IT Acceptable Use
Mandatory Disclosure
Confidential Information
Industrial Security Program
Information Security
Environmental, Health & Safety
Insider Information
Social Media
Government Relations
Records Retention
DEFENSE INDUSTRY INITIATIVE (DII) SMALL BUSINESS TOOLKIT

Governance & Organization
- Sample compliance training PowerPoint

Training & Engagement
- Sample compliance training PowerPoint

Policies & Procedures
- DII Model Supplier Code of Conduct
- Template Code of Conduct
- Template Policies on 30+ topics

Auditing, Monitoring & Mentoring
- Self-Auditing Your Ethics Program
- DII Model Code of Conduct Assessment
- DII Mentors (for DII signatories only)

If you use just one resource, make it the DII Small Business Toolkit – it’s free and easy to use
POLICIES & PROCEDURES – HOW?

**STEP ONE**
Download DII Template Policies

**STEP TWO**
Customize Template Content and Format

**STEP THREE**
Make Policies Available to Employees
CODE OF CONDUCT
CODE OF CONDUCT – WHAT?
CODE OF ETHICS & BUSINESS CONDUCT

• Based on core values
• Applies to all employees, Board of Directors, consultants, contractors, others acting on behalf of LMC
• Outlines expectations for key areas
• Links to relevant policies, other resources
Does your company have a code of conduct?
CODE OF CONDUCT – POLLING RESULT
CODE OF CONDUCT – WHY?

Legal Requirements

FAR 52.203-13:
“Contractor shall... have a written code of business ethics and conduct; make a copy of the code available to each employee engaged in performance of the contract.”

Customer Expectations

Purchase Orders:
LM “encourages all suppliers to implement an effective ethics program, including adopting a written code of conduct.”

Good Governance

Well-written code of conduct ensures all internal and external stakeholders are on the same page about how the company will do business.
CODE OF CONDUCT – HOW?

STEP ONE
Download DII Template Code of Conduct

STEP TWO
Customize Template Content and Format

STEP THREE
Make Code Available to Employees
SUPPLIER CODES OF CONDUCT
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As Lockheed Martin, we are committed to our values and principles in our daily operations and interactions. This supplier code of conduct serves as our integrity in delivering high quality products, maintaining fair competition, and ensuring fair treatment of all suppliers and their employees. We are committed to maintaining ethical business practices, and we envision that all of our suppliers and partners will honor the same values.

The Supplier Code of Conduct represents the expectations we hold for our suppliers and their employees, board of directors, and other business associates. Thank you for your shared commitment to ethical business principles.

The members of the Defense Industry Initiative on Business Ethics and Conduct (DIIBIhereinafter “we”) are committed to upholding the highest standards in all our business dealings with the U.S. Government, protecting taxpayer resources, and providing high quality products and services for the men and women of the U.S. Armed Forces and their allies. Complying with all laws and regulations and ensuring fair competition are fundamental to this commitment.

This Supplier Code of Conduct represents the expectations we hold for suppliers throughout the aerospace and defense industry.
Does your company have a supplier code of conduct or written set of ethics and compliance expectations for suppliers?
KEY TAKEAWAYS

Risk assessment helps determine focus of ethics program

Policies and procedures should address risk

Code summarizes company’s expectations of employees, including key policies and procedures

Setting expectations for suppliers via code or supplier code is best practice
SELF-SERVE RESOURCES

www.lockheedmartin.com
> Suppliers > Ethics

Supplier Self-Assessment Tool

Infographic Guides

All ethics resources, including 1-on-1 mentoring are completely free and voluntary.

...AND MORE!
THANK YOU!

TRAINING AND COMMUNICATING ON ETHICS, AND ASSESSING YOUR ETHICS PROGRAM

Tuesday, June 12 @ 2-3pm ET

www.lockheedmartin.com/en-us/suppliers/ethics.html

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