TRAINING & COMMUNICATING ON ETHICS AND ASSESSING YOUR ETHICS PROGRAM

PART OF ETHICS SUPPLIER MENTORING PROGRAM WEBINAR SERIES
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.
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 → Training → Communication → Ethics Program Assessment
RECAP OF LAST WEBINAR
RECAP OF LAST WEBINAR

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
TRAINING
TRAINING – WHY?

Company’s Expectations

How to Handle Deviations from Expectations
TRAINING – WHAT?

Compliance Training
- Compliance-based
- Legal, regulatory, policy requirements

Awareness Training
- Values-based
- Strategies for ethical decision-making
What type of training does your company conduct?

a. values-based ethics awareness or code of conduct training
b. compliance training on specific topics
c. combination of values-based and compliance training
d. we do not currently conduct ethics or compliance training
TRAINING – POLLING RESULT
COMPLIANCE TRAINING – EXAMPLES

• Addresses legal, regulatory risks and requirements
• Courses assigned based on employees’ function, role, level
• Video-based individual online training

- Antitrust
- Contact with Government Employees
- Drug-Free Workplace
- EEO/ Affirmative Action
- Gifts & Business Courtesies
- Harassment-Free Workplace
- Human Trafficking
- Insider Trading
- International Business Practices
- Labor Charging
- Security Refresher
- Sensitive Info & Trade Compliance
- Truth in Negotiations Act
ETHICS AWARENESS TRAINING – EXAMPLE

• Annual requirement for all employees, Board Manager-facilitated sessions featuring video-based scenarios
• Encourages employees to act on misconduct using Voicing Our Values techniques

• Videos available for licensing
TRAINING – HOW?

STEP ONE

Identify Topics

- Risk Areas
- Company Values
- Code of Conduct
- Responding to Misconduct
TRAINING – HOW?

STEP TWO

Consider audience

- All employees annually
- Salaried employees upon hire
- Every other year for certain teams or levels
TRAINING – HOW?

STEP THREE

Develop Content

- Laws, regulations
- Company procedures
- DII Small Business Toolkit sample training
- Off-the-shelf courses
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.

www.dii.org > Featured Tools
### DII “COMPLIANCE BASICS FOR SUPPLIERS AND SMALL BUSINESSES” POWERPOINT

#### Responsibilities to One Another
- Harassment Free Workplace & Non-Discrimination
- Combating Human Trafficking
- Environmental Safety & Health

#### Responsibilities as Corporate Citizens
- Anti-Trust Laws
- Anti-Boycott Laws
- Corruption & Bribery
- Kickbacks
- International Trade Compliance
- Conflict Minerals

#### Responsibilities to Business Partners
- Quality
- Counterfeit Parts
- Conflicts of Interest
- Gifts & Business Courtesies

#### Responsibilities to External Stakeholders
- Accurate Business Records
- Information Protection
- Insider Trading

#### Responsibility to Do the Right Thing
- Mandatory Disclosures
- Civil False Claims Act
- Suspension & Debarment
- Whistleblower Protection Act

Ethics Supplier Mentoring Program Live Webinar Series

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PIRA #: CHQ201710008

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Compliance Basics for Suppliers and Small Businesses

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Defense Industry Initiative
May 2016
Welcome - Training Objectives

- This training is intended to help suppliers and small businesses understand their compliance obligations as a US government defense contractor.

- Hyperlinks to more details are provided – always rely on current law or detailed regulations for specific guidance.
Defense industry regulations are complex.

All providers are expected to be aware of and comply with the applicable rules.

The proper delivery of quality services or goods includes being aware of and managing compliance risks.

Laws and standards in countries outside the US may vary, nevertheless, general awareness remains essential.
## The “Do’s” of Government Contracting

### Be Accurate
- Perform due diligence before supplying information to anyone involved in government contracting
- Explain clearly what the information does and does not include
- Estimates, projections and approximations must be presented as such

### Abide by the Contract
- Includes all specifications, statements of work, and referenced documents
- Includes all contract clauses (even those incorporated by reference)
- Fully explain and obtain customer concurrence for any contract requirements at risk of not being met before proceeding

### Comply with Policies & Procedures
- Company policies and procedures help employees meet contract requirements
- Following policies and procedures is an important aspect of performing US Government contracts correctly

### Report Concerns
- Encourage employees to speak up
- Follow mandatory disclosure requirements
TRAINING – HOW?

STEP FOUR

Deliver

- PowerPoint (DII)
- Videos (off-the-shelf)
- Group Discussion
- SME or Manager-led
TRAINING – HOW?

STEP FIVE

- **Who** – instructor, learners
- **What** – topic, key points
- **When**
- **Where**
- **How** – training method or tools, effectiveness
COMMUNICATION
COMMUNICATION – WHY?

Reinforce key messages year-round, outside of training, to keep content top-of-mind.
Which of the following do (or could) you use to distribute ethics messages to employees?

a. Quarterly all hands meeting
b. New employee orientation
c. Brown bag lunch discussion
d. Email from senior leadership
e. Other – type ideas into Questions box
COMMUNICATION – POLLING RESULT
COMMUNICATION – WHAT?

**Verbal**
- Regular team meetings (manager to employees)
- Formal speeches or briefings (senior leadership to team)
- In-person events

**Virtual**
- Company website
- Email
- Internal social media platform/blog

**Print**
- Newsletters
- Posters
- Employee handbook
- Code of Conduct
- Paycheck inserts
COMMUNICATION - HOW?

STEP ONE

Brainstorm Topics

- Key risk areas
- Frequently asked questions
- Common issues
- Company values
- Ethics contact information
COMMUNICATION – HOW?

STEP TWO

Consider audience

All employees
Only managers
Certain teams or locations
External stakeholders
COMMUNICATION – HOW?

STEP THREE

Draft Messages

- Short n’ sweet
- Humor and real-life examples
- Memorable
COMMUNICATION - HOW?

STEP FOUR

Leverage existing tools

Website
Newsletter
Team meetings
Breakroom posters
COMMUNICATION - EXAMPLE

ACCOUNTABILITY

Our Values

begins with
YOU

and our success
rests on it!

When an ethics related situation or questions arises contact your HR Manager at Ext. 222.
COMMUNICATION – EXAMPLES

Act with Honesty, Integrity and Respect

Do the Right Thing

Speak Up!
COMMUNICATION – EXAMPLES

Employee Contest!

New Ethics Program

We have rolled out our new Ethics Program and will conduct training for all employees before the end of the year. As we roll out the new program, I would like to remind each of you of our ethical values. Do The Right Thing, Speak Up, and Act with Honesty, Integrity, and Respect. We all play a key role in guiding our ethical culture. Every day we can be faced with ethical issues and it is up to all of us to conduct ourselves in an ethical and professional manner.

If you have any questions or are not sure if a process you are following meets our ethical standards, do not hesitate to bring it to our attention. Employees can either call the 401(k) or email us at ethics@lockheedmartin.com. All inquiries are handled confidentially and will be given prompt attention.

Changes to Your 401(k)

Upcoming Holidays

October 14 – Columbus Day
November 23 – Thanksgiving (OFF WORK)
November 24 – Thanksgiving (extra day OFF WORK)

October 31 – Halloween
December 4 – Christmas Eve
December 5 – Christmas Day (OFF WORK)

November 11 – Veterans Day
December 24 – New Years Eve
January 2 – New Years Day (OFF WORK)

COMMUNICATION – EXAMPLES

A Look Back at 2016 and a Look Ahead to 2017

A message from the Office of the President & CEO

Team, It’s time to welcome you all into the New Year, welcome to 2017. As always, I have great expectations for us again this year. But, first, I’d like to talk about 2016.

We must remember we cannot be content with the successes of the past. We should always endeavor to improve year after year. We must all remember and adhere to the company Code of Ethics:

- Act with Honesty, Integrity & Respect
- Do the Right Thing
- Speak Up

Again, welcome to 2017 and let’s make it a great year and have fun!!
COMMUNICATION - EXAMPLES
COMMUNICATION – EXAMPLES

ETHICS QUIZ BOWL

INTEGRITY minute

ETHICS TUN

WHAT INSPIRES YOU TO BE ETHICAL?
Lockheed Martin employees are invited to participate in the 2016 Voicing Our Values Photo Contest.

ETHICS CASE FILES
COMMUNICATION – TEMPLATES

Core Values

OUR CORE VALUES
SET US APART

Core Value 1
Core Value 2
Core Value 3
Core Value 4
Core Value 5
Core Value 6

Core Value 1
Core Value 2
Core Value 3
Core Value 4
Core Value 5
Core Value 6

- Name Description
- Email Description
- Contact Information

OUR CORE VALUES
MAKE US WHO WE ARE

Core Value 1
Core Value 2
Core Value 3
Core Value 4
Core Value 5
Core Value 6

Core Value 1
Core Value 2
Core Value 3
Core Value 4
Core Value 5
Core Value 6

- Name Description
- Email Description
- Contact Information

WE LIVE BY OUR
CORE VALUES

Core Value 1
Core Value 2
Core Value 3
Core Value 4
Core Value 5
Core Value 6

Core Value 1
Core Value 2
Core Value 3
Core Value 4
Core Value 5
Core Value 6

- Name Description
- Email Description
- Contact Information

SEE SOMETHING,
SAY SOMETHING

- You can contact Ethics to ask a question, request performance, or report a potential violation of our Code, policy or law.
- All contacts to Ethics are strictly confidential.
- The team of professionals who review concerns is trained and not in-house.

DO YOU KNOW YOUR
ETHICS OFFICER?

- “Hi, I’m your Ethics Officer!”
- “Enjoy understanding in my community, taking long walks on the beaches and helping coworkers work through tough times,”
- “Insert your own quote that makes the Ethics OECD even more professional and approachable!”

NOT SURE IF YOU’RE
DOING THE RIGHT THING?

Before making a decision, consider:

*Insert picture of Ethics POC here*

Contact Ethics
Tel: (555) 555-5555
Email: ethics@yourcompany.com

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ETHICS PROGRAM ASSESSMENT
PROGRAM ASSESSMENT – POLLING QUESTION

Which of the following best describes the current state of your company’s ethics program?

a. Nothing particularly formal
b. In early stages of development, with some elements of an effective ethics program
c. Meets the basic requirements for an effective ethics program
d. Very mature and well-structured program
PROGRAM ASSESSMENT - POLLING RESULT
PROGRAM ASSESSMENT – WHAT?

- Company Values
- Program Structure & Oversight
- Leadership Commitment
- Risk Assessment
- Policies & Procedures
- Code of Conduct
- Training
- Communications
- Program Assessment
- Reporting Mechanisms
- Investigations & Disclosures
- Discipline & Incentives
PROGRAM ASSESSMENT – WHY?

- Identify best practices and opportunities
- Measure program effectiveness
- Keep up with laws and best practices
PROGRAM ASSESSMENT – HOW?

Choose a framework

DII Small Business Toolkit
• Self-Auditing Your Ethics & Compliance Program
• Model Code of Conduct Assessment

Lockheed Martin Supplier Self-Assessment

U.S. Dept of Justice “Evaluation of Corporate Compliance Programs”
PROGRAM ASSESSMENT - HOW?

STEP TWO

Collect data

- Policies & procedures
- Training & communications
- Contacts & investigations
- Risk identification & mitigation efforts
PROGRAM ASSESSMENT – HOW?

STEP THREE

Talk to team

- Interviews
- Focus groups
- Surveys

Explanations of data
Perspectives on culture
Feedback on training
Ethical concerns
PROGRAM ASSESSMENT – HOW?

STEP FOUR

Discuss findings
Document conclusions
Make recommendations
Plan improvements
KEY TAKEAWAYS

Training and communications address risk and are crucial to ethics program

Training should cover ethics (values) and compliance (laws, regulations)

Communication helps reinforce key messages outside of training

Continual improvements are essential for an effective ethics program
All ethics resources, including 1-on-1 mentoring are completely free and voluntary.

...AND MORE!
THANK YOU!

NEXT WEBINAR

Tuesday, June 26 @ 2-3pm ET

ESTABLISHING WAYS TO CONTACT ETHICS AND ADDRESSING ISSUES RAISED

Reporting Mechanisms
Investigations & Disclosures
Discipline & Incentives

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