DEVELOPING POLICIES, PROCEDURES AND A CODE OF CONDUCT TO MITIGATE RISK

PART OF ETHICS SUPPLIER MENTORING PROGRAM WEBINAR SERIES
PRESENTERS

Kevin M. Byrne
Senior Analyst, Corporate Ethics Office

Chan Crownover
Senior Staff, Enterprise Risk Mgmt

Ellen Daly
Senior Ethics Analysis Manager, Missiles & Fire Control
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

Risk Assessment

Policies & Procedures

Code of Conduct

Supplier Codes of Conduct
RECAP OF LAST WEBINAR
RECAP OF LAST WEBINAR

- Company values shape organizational culture and ethics program
- Many ways to structure an ethics program, even with a team of one
- Framework of ethics program should be documented
- Leaders need to “walk the talk” for their ethics program to be credible
RISK ASSESSMENT & MANAGEMENT
RISK ASSESSMENT – WHY?

Risk Assessment

Policies & Procedures

Code of Conduct

Communications

Training
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
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

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
CODE OF CONDUCT – POLLING QUESTION

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
SUPPLIER CODES OF CONDUCT

Supplier Code of Conduct

At Lockheed Martin, we seek to embed values, echoing the values and goals set in our daily operations, into our employees. The Ethics and Supplier Code of Conduct promotes ethical business operations, promoting high-quality products while upholding ethical standards in our business operations. Our objectives are to achieve operational excellence in a highly competitive environment, with a relentless focus on business ethics. In our interactions with our employees and business partners, we are committed to promoting proactive business ethics. Our suppliers and partners will honor the same values.

The Supplier Code of Conduct ensures our expectations are met for all our suppliers, and it offers the assurance we are for our own employees, clients, and stakeholders. At Lockheed Martin, we uphold principles that reflect the core values of our company.

Defence Industry Initiative

Model Supplier Code of Conduct

The members of the Defence Industry Initiative in Business Ethics and Conduct (DIIC) believe that ethical business practices are critical to maintaining trust in our industry. Our members are committed to promoting high-quality products and services by adhering to the highest ethical standards. Our Supplier Code of Conduct sets forth the expectations we hold for suppliers throughout the aerospace and defense industry.

IFBEC Model Supplier Code of Conduct

n
This Supplier Code of Conduct represents the expectations we hold for suppliers throughout the aerospace and defense industry.
SUPPLIER CODE OF CONDUCT – POLLING QUESTION

Does your company have a supplier code of conduct or written set of ethics and compliance expectations for suppliers?
SUPPLIER CODE OF CONDUCT – POLLING RESULT
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
Ethics Supplier Mentoring Program Live Webinar Series

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710003

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, Nov 13 @ 1-2pm ET

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

ethics.suppliers@lmco.com