

ETHICS PROGRAMS

Supplier Training Excellence Program (STEP) Webinar

April 9, 2024



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PIRA CHQ2024040163

Ethics and Enterprise Assurance Organization



Ethics

Ethics and Business Conduct

Corporate Internal Audit

ESH and Health & Wellness

Enterprise Risk Mgt & Sustainability

WHY ETHICS?

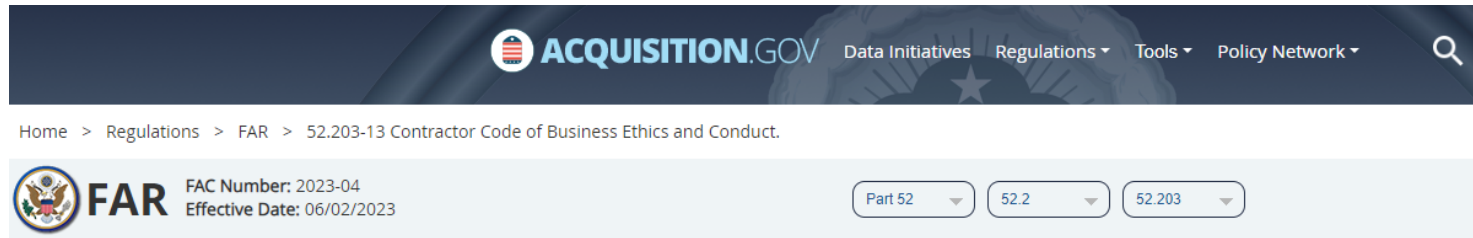
ETHICS PROGRAMS REDUCE BUSINESS RISK!



Ethics programs reduce
risk to your business
...and to ours.

CONTRACTOR CODE OF BUSINESS ETHICS & CONDUCT

FAR 52.203-13



52.203-13 Contractor Code of Business Ethics and Conduct.

<https://www.acquisition.gov/far/52.203-13>

Qualifying
contracts require
an ethics
program.

U.S. FEDERAL SENTENCING GUIDELINES FOR ORGANIZATIONS



<p>§8B2.1 - EFFECTIVE COMPLIANCE AND ETHICS PROGRAM</p> <p>(a) To have an effective compliance and ethics program, for purposes of subsection (f) of §8C2.5 (Culpability Score) and subsection (b)(1) of §8D1.4 (Recommended Conditions of Probation – Organizations), an organization shall—</p> <p>(1) exercise due diligence to prevent and detect criminal conduct; and</p> <p>(2) otherwise promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.</p> <p>Such compliance and ethics program shall be reasonably designed, implemented, and enforced so that the program is generally effective in preventing and detecting criminal conduct. The failure to prevent or detect the instant offense does not necessarily mean that the program is not generally effective in preventing and detecting criminal conduct.</p> <p>(b) Due diligence and the promotion of an organizational culture that encourages ethical conduct and a commitment to compliance with the law within the meaning of subsection (a) minimally require the following:</p> <p>(1) The organization shall establish standards and procedures to prevent and detect criminal conduct.</p> <p>(2) (A) The organization’s governing authority shall be knowledgeable about the content and operation of the compliance and ethics program and shall exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics program.</p> <p>(B) High-level personnel of the organization shall ensure that the organization has an effective compliance and ethics program, as described in this guideline. Specific individual(s) within high-level personnel shall be assigned overall responsibility for the compliance and ethics program.</p>

If misconduct occurs, having an effective ethics program can reduce fines by up to 90%.

<https://guidelines.ussc.gov/gl/%C2%A78B2.1>

WHAT GOES INTO ETHICS PROGRAM?

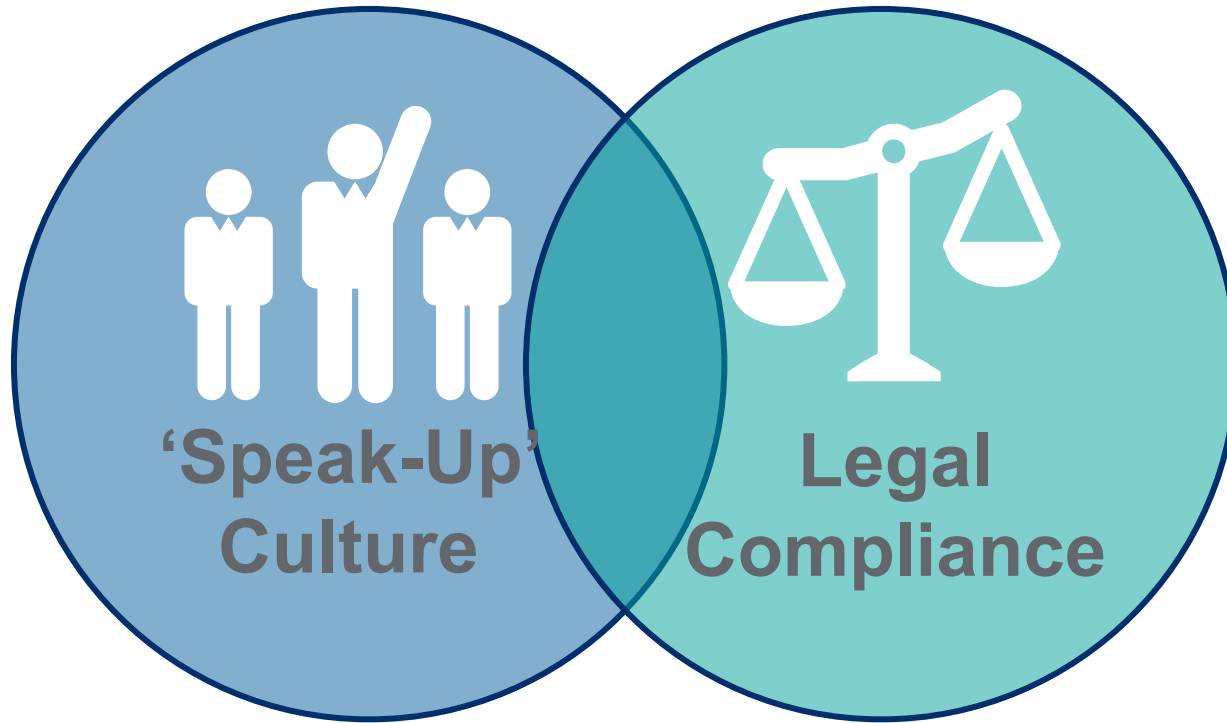
COMPANY VALUES



Key principles
which describe
your culture and
guide your
decisions



CULTURE AND COMPLIANCE



A program which helps employees conduct business, mindful of compliance and ethical obligations relating to policies, procedures, laws, and regulations.

COMPLIANCE RISK AREAS



Bribery &
Corruption



Conflicts of
Interest



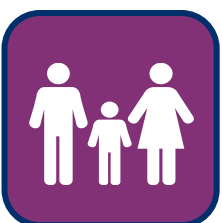
Financial
Records



Trade
Controls



Sensitive
Information
Protection



HR &
Labor
Policies



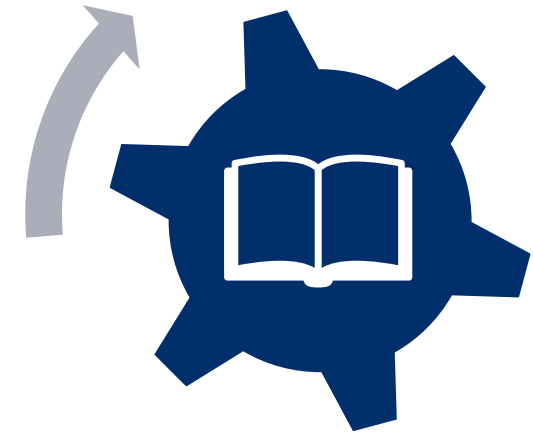
Employee
Safety &
Health



Counterfeit
Parts

An effective ethics
program can
reinforce compliance
with law, regulation,
or policy.

CODE OF CONDUCT



Summary of
expectations for
employee conduct

<https://www.lockheedmartin.com/en-us/who-we-are/ethics/code-of-ethics.html>

MULTIPLE CONTACT METHODS

- Helpline
- Dedicated email account
- Website
- Ethics Officer Direct Contact Info
- Corp Directories-Link to Ethics Officer
- Posters and electronic business cards



Avenues for employees
to ask a question or
report potential
misconduct



TRAINING



CASE 3 “Team Bonding”

ISSUES: DOCUMENT FALSIFICATION; LEADERSHIP CONCERNS; PERSONAL CONFLICT OF INTEREST



Emily
Technician



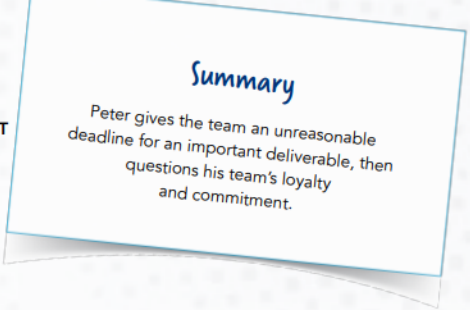
Peter
Team Lead



Aaron
Sr. Technician



Summer
Manager



PART I: DISCUSSION

What issues do these characters encounter?

- **Aaron** is resentful that **Peter** was promoted instead of him but is a committed team member.
- **Emily** is sarcastic to **Peter** about the accelerated delivery schedule.
- **Aaron** and **Emily** discover an issue with two parts that require rework.
- **Peter** is under pressure to deliver on time in his new lead role.
- **Summer** is mentoring **Peter** but doesn't do enough to get to the issues he is facing.

Which VOV techniques could help resolve these issues?

- Summer **reframes the issue** with Peter about the team's commitment.
- Peter needs to **ask questions** instead of making assumptions and ignoring the team's input.
- Emily and Aaron **obtain data** and **report concerns** to Summer.
- Summer **asks questions** of Peter to get information about how the parts pass quality.

PART II: WRAP-UP

Ask: “How should the scenario end?”

Leader Closing

Peter feels pressure to deliver in his new role. Summer encourages Peter to trust his team, but Peter dismisses others' input and doesn't ask the team or Summer for help when there is a delay. Peter's unauthorized use of his sister's Quality Stamp is a clear violation of policy and will negatively impact his job. Peter's sister will also have to account for her role in the incident.

Bottom line: When facing challenges, engage with your team and leader for help. We are committed to providing safe and reliable products. Compromising quality and values to meet a deadline is never acceptable and usually creates more problems than it solves.

Governance

LM Code of Conduct: We Lead With Integrity



Education about specific compliance topics and strategies for addressing ethical dilemmas

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

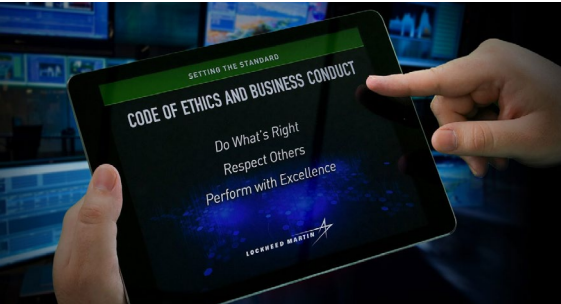


Investigations &
Disclosures



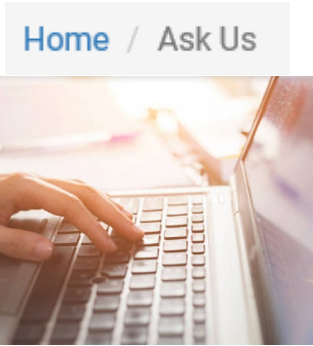
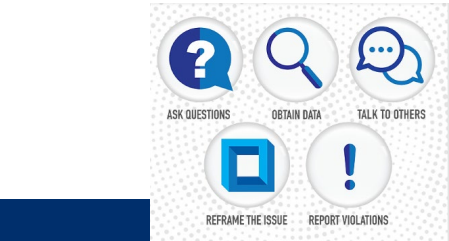
Discipline &
Incentives

Ethics Program - Overview



Code of Conduct
Ethics Awareness Training

Voicing Our Values Through Ethics Awareness Training
By Corporate Communications - 15 May 2023 14:47 - Ben R Philbrook + 5



Ethics in Engineering



CONFLICTS OF INTEREST
KNOW THE DIFFERENCE

DIVIDED LOYALTIES MAY AFFECT JUDGMENT

INDIVIDUAL
Any Lockheed Martin employee

GOVERNMENT EMPLOYEE
(Current or Former)
Any government employee or military personnel, current or former, of any country

ORGANIZATIONAL
Lockheed Martin, or a contracting organization or customer

ASK YOUR DISCLOSURE RESOURCES:

YOUR MANAGER, LEGAL DEPARTMENT, HUMAN RESOURCES, ETHICS OFFICER, ETHICS HELPLINE, ETHICS "ASK US"

LEARN MORE THROUGH COMMAND MEDIA: CPS-008, CPS-750, CRN-011, CRN-024, CRN-026A, CRN-026B, CRN-042, CRN-121, CRN-400

ETHICS



Decsion Tree Mobile App

Integrity Minute Series

Combined Episodes



Supplier Engagement



Business Conduct Compliance Training

COMPETENCE, KNOWLEDGE, SKILLS, ABILITY, LEARNING, EDUCATION

COMET
CASE ORGANIZATION & MANAGEMENT ENTERPRISE TOOL

LM SUPPLIER OUTREACH



Click on
Photo to
access LM's
Supplier
Outreach
Website

SELF-SERVE RESOURCES



<https://www.lockheedmartin.com/en-us/suppliers/supplier-ethics.html>



<https://lockheedmartin.com/content/dam/lockheed-martin/eo/documents/ethics/LM-Supplier-Code-of-Conduct.pdf>

Topic-Specific Code Resources

Many of the provisions in the Supplier Code track provisions in Lockheed Martin's own [Code of Conduct](#). Below are summaries of some of our policies that are relevant to our suppliers.



Anti-Corruption

We have a zero-tolerance policy for corruption, and prohibit anyone conducting business on our behalf, including suppliers, from offering or making any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons.

For more information, read our policy on [Compliance with the Anti-Corruption Laws](#).

- [Form C-730-1, International Anti-Corruption Questionnaire](#)
- [Form C-730-2, Anti-Corruption Law Certification](#)



Gifts & Business Courtesies

We compete on the merits of our products and services and do not use the exchange of business courtesies to gain an unfair competitive advantage. We expect the same of our suppliers in the offering or receipt of any gift or business courtesy, including cash and cash equivalents.

For more information, refer to our policy on [Gifts, Hospitality, Other Business Courtesies, and Sponsorships](#) or our [annual letter](#) to suppliers regarding gifts and business courtesies.

- [CPS-008 Gifts, Hospitality, Other Business Courtesies, and Sponsorships](#)
- [Gifts Decision Tree Tool](#)



Counterfeit Parts

We expect our suppliers to develop, implement, and maintain methods and processes appropriate to their products and services to minimize the risk of introducing counterfeit parts and materials into deliverable products. Effective processes should be in place to detect counterfeit parts and materials, and mark parts obsolete as appropriate.

For more information, visit our [Sustainable Supply Chain Management](#) page or review the [Counterfeits FAQs](#).

Supplier Ethics Infographics

We have developed a selection of infographics to describe twelve elements of an effective ethics and compliance program.



Check out:
Supplier Code of Conduct
Infographics
Other Resources

ADVANTAGES OF SMALL GROUP AND/OR ONE-ON-ONE MENTORING



We are happy to chat
in small groups or 1:1
to share ideas about
ethics and compliance
programs!

INFORMATION AND RESOURCES

Government Regulations & Guidance

- [US Federal Acquisition Regulation \(FAR\)](#)
- [US Federal Sentencing Guidelines for Organizations \(FSGO\)](#)
- [Resource Guide \(Chapter 5\) to the US Foreign Corrupt Practices Act \(FCPA\)](#)
- [UK Ministry of Justice Guidance - The Bribery Act 2010](#)
- [U4 Anti-Corruption Resource Center – The Relationship Between Business Integrity and Commercial Success \(Australian, German, Finnish, Denmark, Swiss, Norwegian partnership\)](#)

Industry Standards

- [Defense Industry Initiative on Business Ethics & Conduct \(DII\)](#)
- [International Forum on Business Ethical Conduct for the Aerospace and Defence Industry \(IFBEC\)](#)

International Best Practices

- [International Chamber of Commerce \(ICC\)](#)
- [Organization for Economic Cooperation and Development \(OECD\)](#)
- [Transparency International](#)

Standards & Resources



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