

ETHICS PROGRAMS

Supplier Training Excellence Program (STEP) Webinar

April 16, 2025



PIRA: CHQ201803006

Ethics and Enterprise Assurance Organization



Ethics

Ethics and Business Conduct

ESH and Health & Wellness

Corporate Internal Audit

Enterprise Risk Mgt & Sustainability

WHY?

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



The screenshot shows the Acquisition.GOV website. At the top, there is a navigation bar with a magnifying glass icon for search. Below the navigation bar, a breadcrumb trail shows the path: Home > Regulations > FAR > 52.203-13 Contractor Code of Business Ethics and Conduct. On the left, there is a FAR logo with the text "FAR Number: 2023-04" and "Effective Date: 06/02/2023". Below the breadcrumb trail, there are three dropdown menus: "Part 52", "52.2", and "52.203". The main content area displays the title "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; GUIDANCE FOR EVALUATION OF CORPORATE COMPLIANCE PROGRAMS (SEPT 2024)

U.S. Department of Justice
Criminal Division

Evaluation of Corporate Compliance Programs
(Updated September 2024)

Introduction

The “Principles of Federal Prosecution of Business Organizations” in the Justice Manual describe specific factors that prosecutors should consider in conducting an investigation of a corporation, determining whether to bring charges, and negotiating plea or other agreements. JM 9-28.300. These factors include “the adequacy and effectiveness of the corporation’s compliance program at the time of the offense, as well as at the time of a charging decision” and the corporation’s remedial efforts “to implement an adequate and effective corporate compliance program or to improve an existing one.” JM 9-28.300 (citing JM 9-28.800 and JM 9-28.1000). Additionally, the United States Sentencing Guidelines advise that consideration be given to whether the corporation had in place at the time of the misconduct an effective compliance program for purposes of calculating the appropriate organizational criminal fine. *See* U.S.S.G. §§ 8B2.1, 8C2.5(f), and 8C2.8(11). Moreover, Criminal Division policies on monitor selection instruct prosecutors to consider, at the time of the resolution, whether the corporation has made significant investments in, and improvements to, its corporate compliance program and internal controls systems and whether remedial improvements to the compliance program and internal controls have been tested to demonstrate that they would prevent or detect similar misconduct in the future to determine whether a monitor is appropriate.

Having effective ethics program can reduce fines in misconduct matters (up to 90%)

ETHICS PROGRAM ELEMENTS

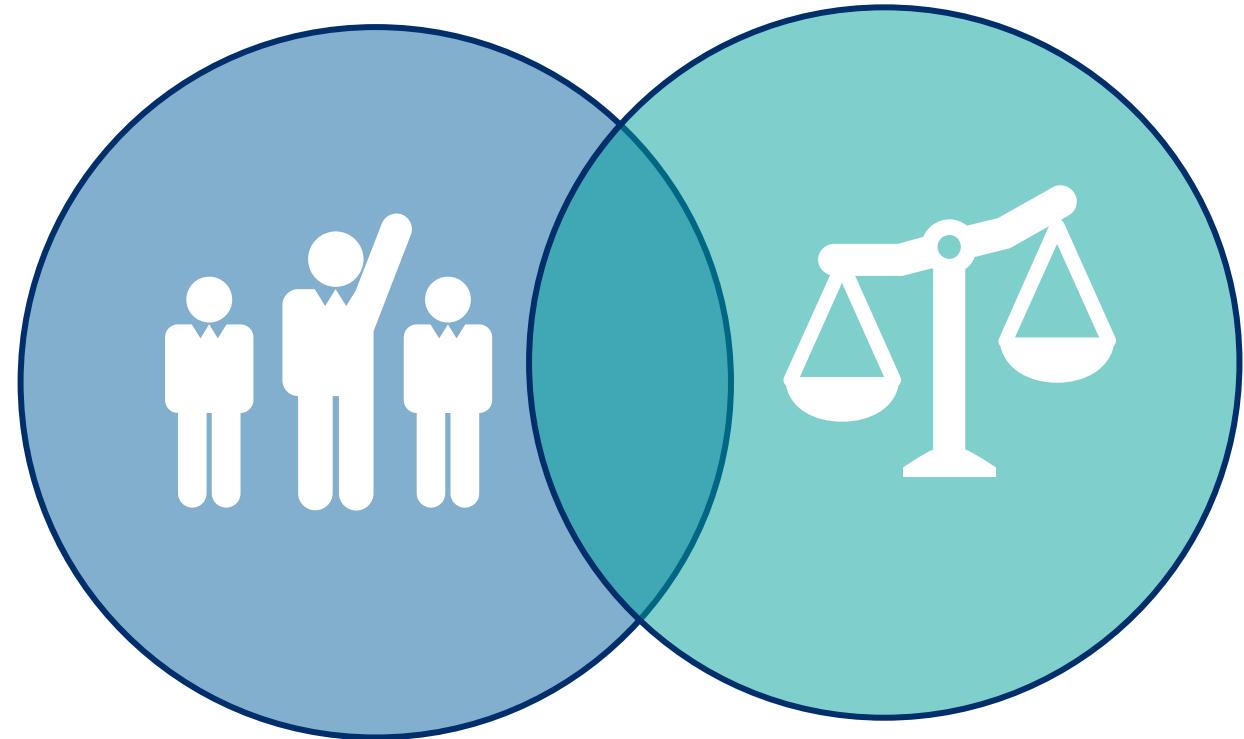
COMPANY VALUES

Key principles that describe your culture and guide individual and corporate decision-making.



CULTURE AND COMPLIANCE

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



**'Speak-Up'
Culture**

**Legal
Compliance**

COMPLIANCE RISK AREAS



Bribery & Corruption



Conflicts of Interest



Financial Records



Trade Controls



Sensitive Information Protection



HR & Labor Policies



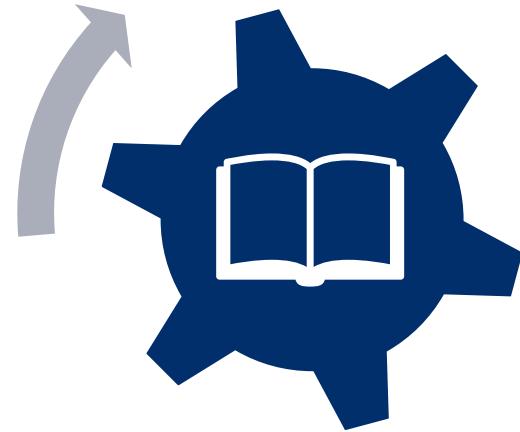
Employee Safety & Health



Counterfeit Parts

An effective ethics program reinforces compliance with law, regulation, and policy.

CODE OF CONDUCT



Your Code of Conduct sets expectations for employee conduct

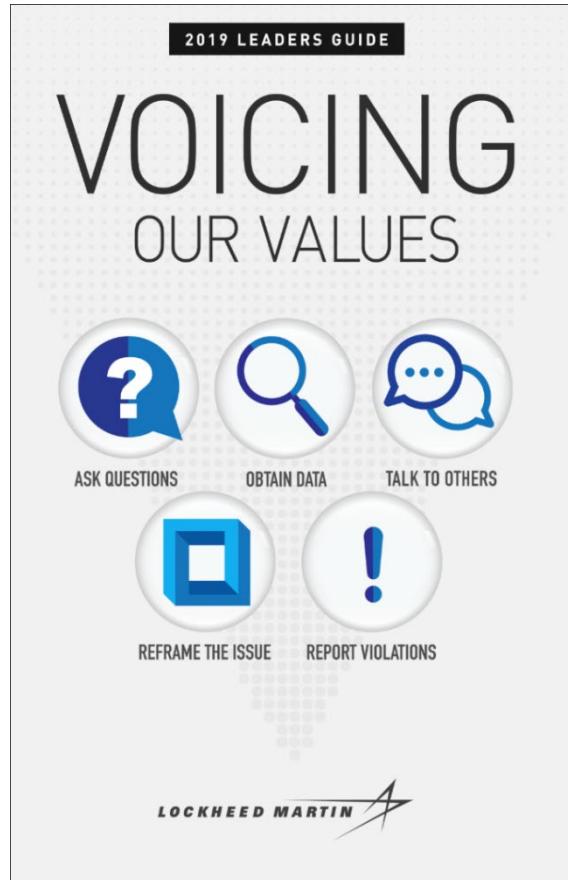
MULTIPLE CONTACT METHODS

- 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



Introduction



Cultivate a culture of 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

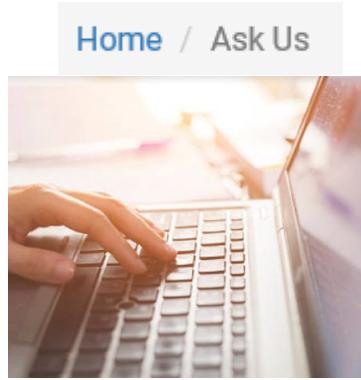
Ethics Program - Overview



Code of Conduct Ethics Awareness Training



Annual Ethics Training



Ethics in Engineering

Combined Episodes

CONFLICTS OF INTEREST KNOW THE DIFFERENCE



ASK YOUR DISCLOSURE RESOURCES:



LEARN MORE THROUGH COMMAND MEDIA: CPS-001, CPS-750, CRX-001, CRX-004, CRX-006, CRX-251, CRX-600
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Decision Tree Mobile App



Case Management Database



Integrity Minute Series

Supplier Engagement



Compliance Training

AT YOUR SERVICE!

SELF-SERVE RESOURCES



Infographic Guides

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WHAT IS A CODE OF CONDUCT?

A code of conduct is the foundation of an effective ethics program. A code summarizes a company's expectations for employees and others who act on its behalf. It should be simple and concise.

WHY CREATE A CODE OF CONDUCT?

- ✓ Comply with regulations, such as FAR Clause 52.203-13
- ✓ Establish the framework for your ethics program
- ✓ Communicate how you do business to internal and external stakeholders

OTHER RESOURCES

- DII Model Supplier Code and Small Business Toolkit: www.dii.org/featured-tools
- Lockheed Martin Supplier Code: www.lockheedmartin.com/content/dam/lockheed-martin/eo/documents/ethics/supplier-code.pdf
- Ethics & Compliance Initiative (ECI): ethics.org/resources/free-toolkit

ELEMENTS OF AN EFFECTIVE ETHICS PROGRAM

CODE OF CONDUCT

DEFINING THE STANDARD

CODE OF ETHICS AND BUSINESS CONDUCT

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START WITH A TEMPLATE

Download the DII Model Supplier Code, the Lockheed Martin Supplier Code, or ask one or more of your key customers to use their code of conduct as your guide.

CUSTOMIZE TEMPLATE

Edit the template so your code of conduct addresses all of your company's ethics and compliance risks. Adjust the format to fit your internal style and set a schedule for updates.

DISTRIBUTE INTERNALLY

Give a hard copy of your code to every employee, require all new hires to certify they read it, and upload it to your internal and/or external website(s) for easy access.

FLOW TO SUPPLIERS

Include your code of conduct or supplier code in contracts with suppliers and other business partners. Also flow down the substance of FAR Clause 52.203-13 if required.

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This resource is offered as part of the Lockheed Martin Ethics Supplier Mentoring Program www.lockheedmartin.com/en-us/suppliers/ethics.html ethics.suppliers@lmco.com

...AND MORE!



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

Check out our Supplier Code of Conduct, Infographics, or contact us to "talk Ethics" anytime!

ADVANTAGES OF ONE-ON-ONE MENTORING



We are happy to chat in 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

ETHICS ENGAGEMENT ALUMNI



EXPANCO



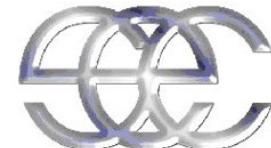
SPIRIT ELECTRONICS



CTL Resources



Aviation
Ground
Equipment Corp.



JWF
INDUSTRIES

WIN-TECH INC

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SWANSON

RINK

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Ethics Supplier Mentoring Program

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AEROSPACE

DCR



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AMT
Integrated Solutions

MARATHON TS.
"Winning IT Solutions"

RALOID
CORPORATION





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