

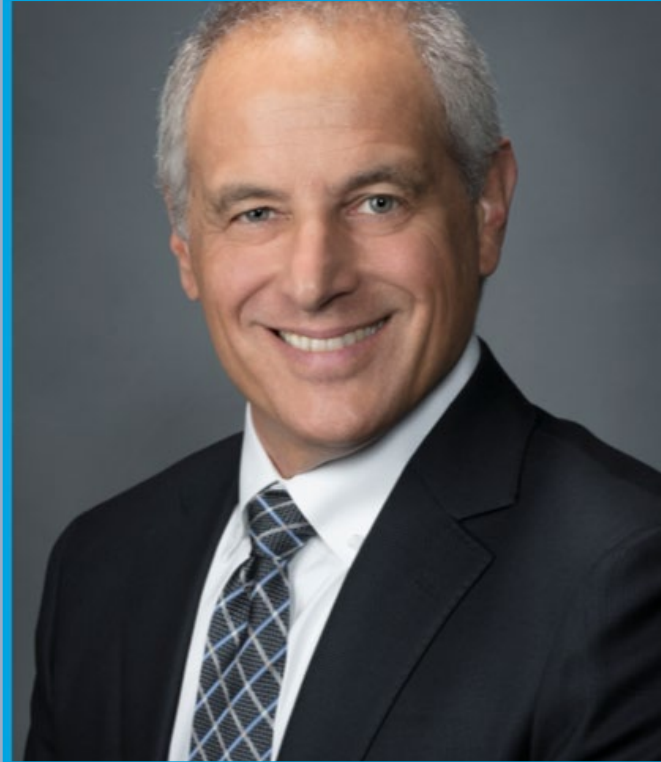
WHY YOU NEED AN ETHICS PROGRAM AND HOW TO GET STARTED TODAY

Supplier Training Excellence Program (STEP) Webinar

March 29, 2022



PRESENTER



David Gebler

Senior Manager, Ethics
Engagement & Integrated
Training

WEBINAR AGENDA

A large white blimp with two propellers is flying over a lush green mountain landscape. The blimp is positioned in the upper right quadrant of the image. The background features steep, forested mountains under a blue sky with scattered clouds.

Why do you need an ethics program?
What is an ethics program?
How can you get started?

SUMMARY

Do employees know what standards of business conduct are expected of them?

Will they adhere to those standards?

Will they speak up if they see other not adhering to those standards?

Do you know the answers to these questions?

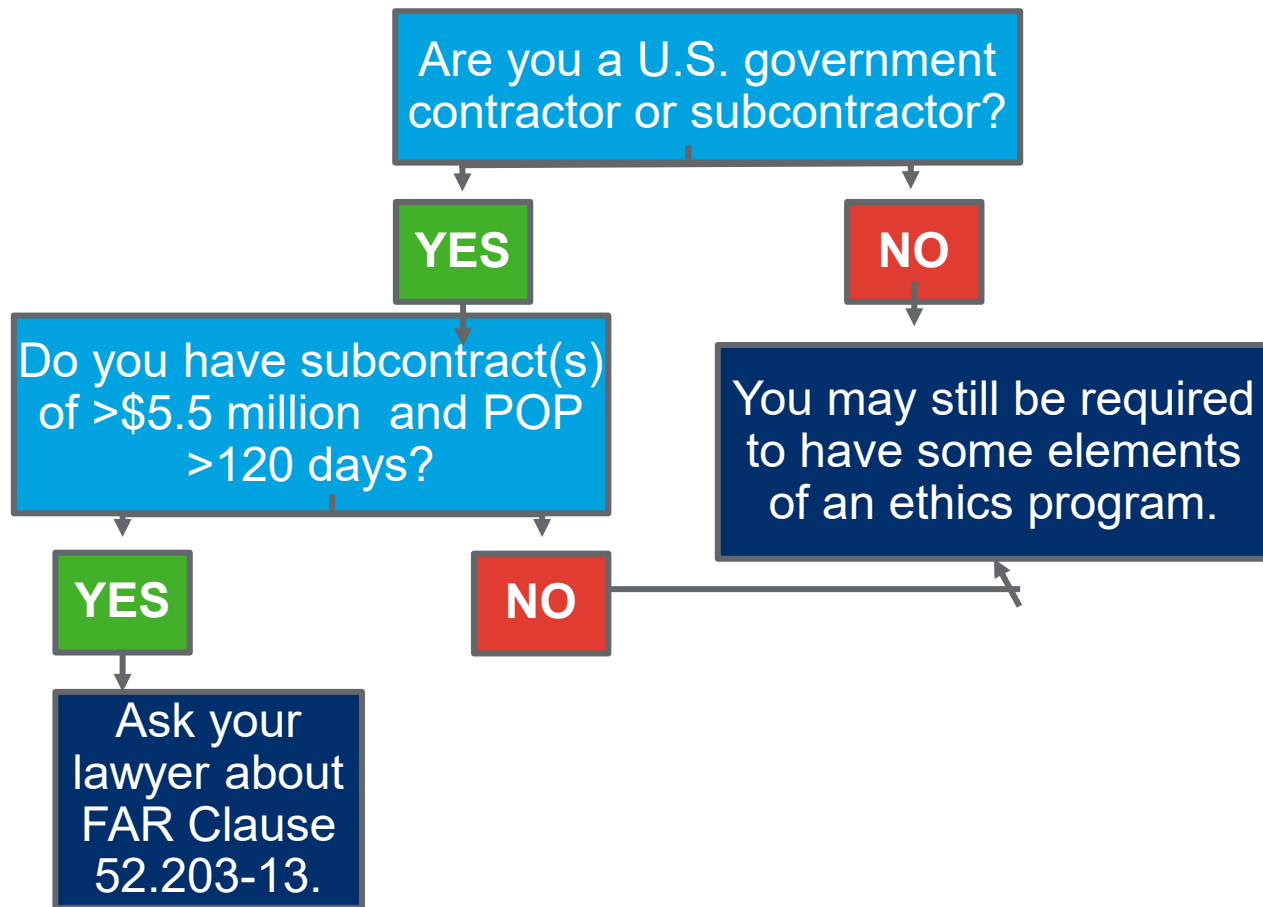
WHY DOES YOUR COMPANY NEED A FORMAL ETHICS PROGRAM?

LOCKHEED MARTIN PERSPECTIVE



Ethics programs reduce
risk to your business
and ours – and to the
missions we serve.

FAR 52.203-13 CONTRACTOR CODE OF BUSINESS ETHICS & CONDUCT



If you are currently working on a qualifying contract or would like to be eligible for one, you'll need an ethics program.

WHAT IS AN ETHICS PROGRAM?

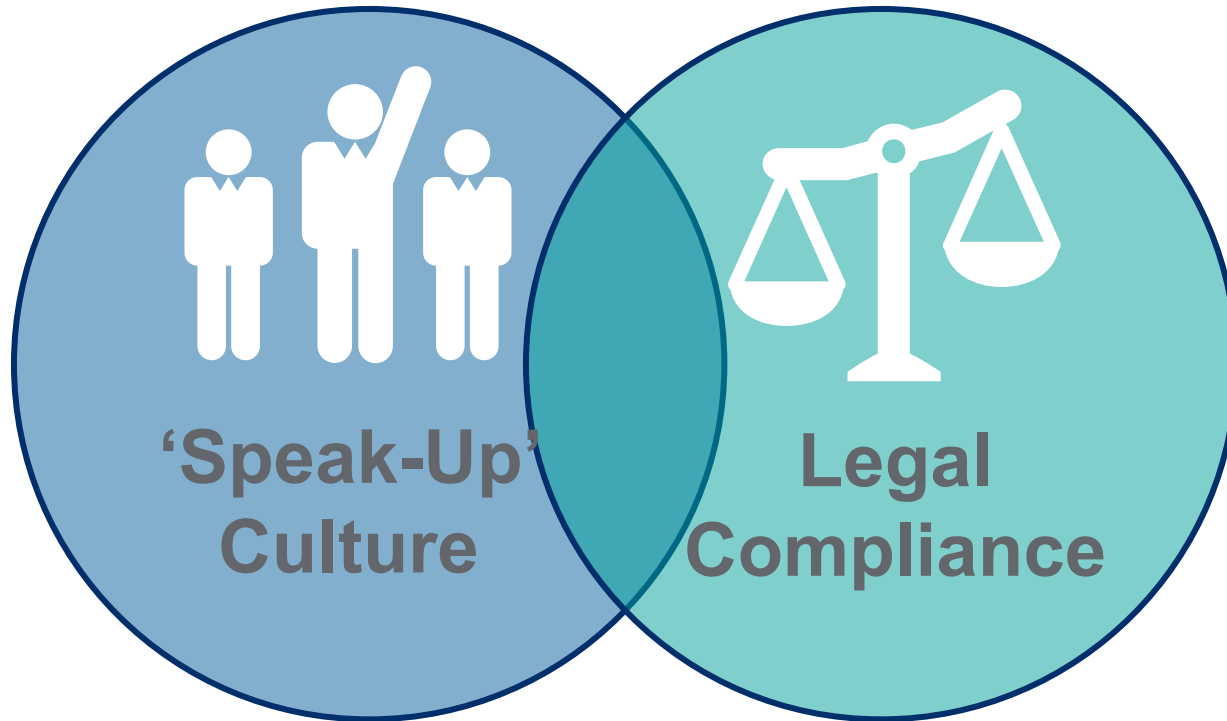
ETHICS AND COMPLIANCE



KNOWING
THE RULES

ISN'T THE SAME
AS FOLLOWING
THE RULES

WHAT'S AN EFFECTIVE ETHICS PROGRAM?



Employees understand why the rules and policies are important and speak up when something doesn't feel right.

COMPLIANCE AREAS



Bribery &
Corruption



Conflicts of
Interest



Financial
Records



Trade
Controls



Sensitive
Information



HR &
Labor
Policies



Employee
Safety &
Health



Counterfeit
Parts

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

ETHICS & COMPLIANCE PROGRAM STANDARDS

Government Regulations & Guidance

- US Federal Acquisition Regulation (FAR)
- US Federal Sentencing Guidelines for Organizations (FSGO)
- Resource Guide to the US Foreign Corrupt Practices Act (FCPA)
- UK Ministry of Justice Guidance - The Bribery Act 2010

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

Multiple
standards to
comply with

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

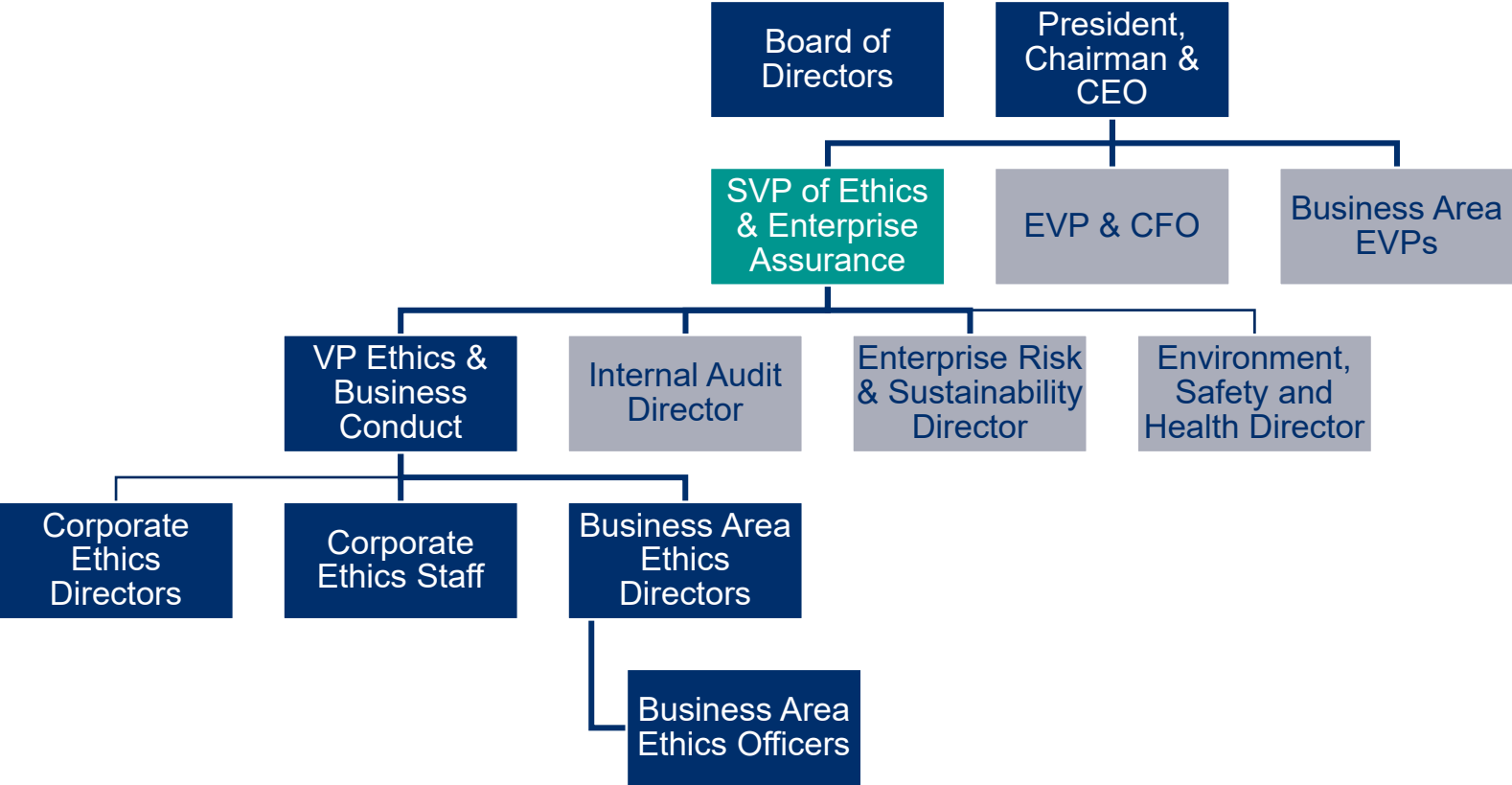
COMPANY VALUES



Key principles
which describe
your culture and
guide your
decisions

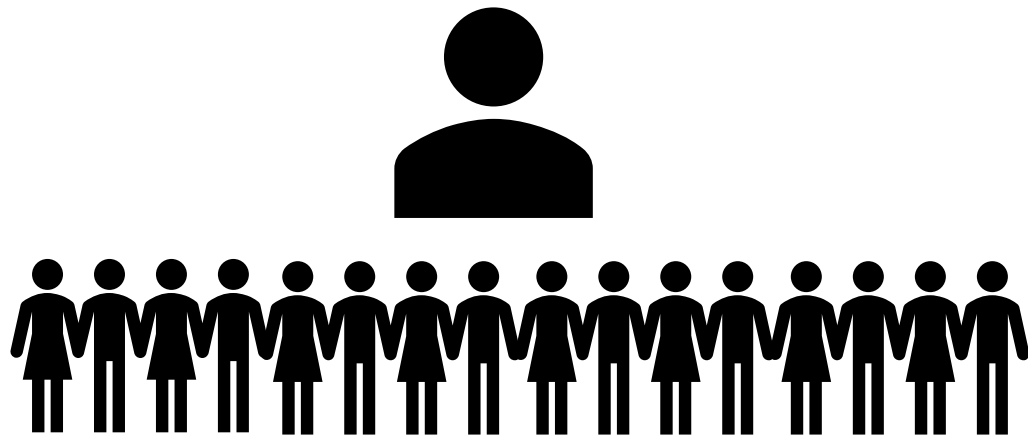


PROGRAM STRUCTURE & OVERSIGHT



People (or person) in charge of your ethics program – and their reporting structure

LEADERSHIP COMMITMENT



Alignment of
management's words
and actions with
company values

RISK ASSESSMENT



Continuous process
of identifying and
mitigating key ethics
and compliance
risks

POLICIES & PROCEDURES

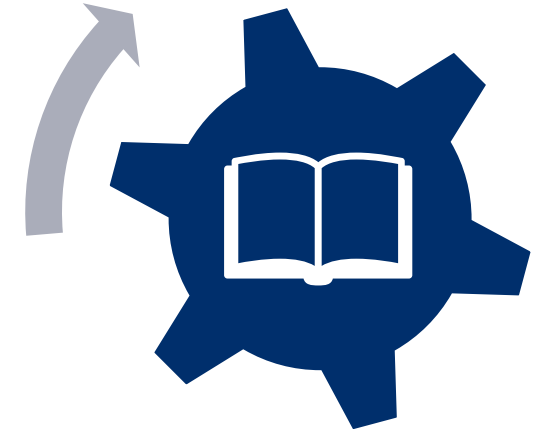
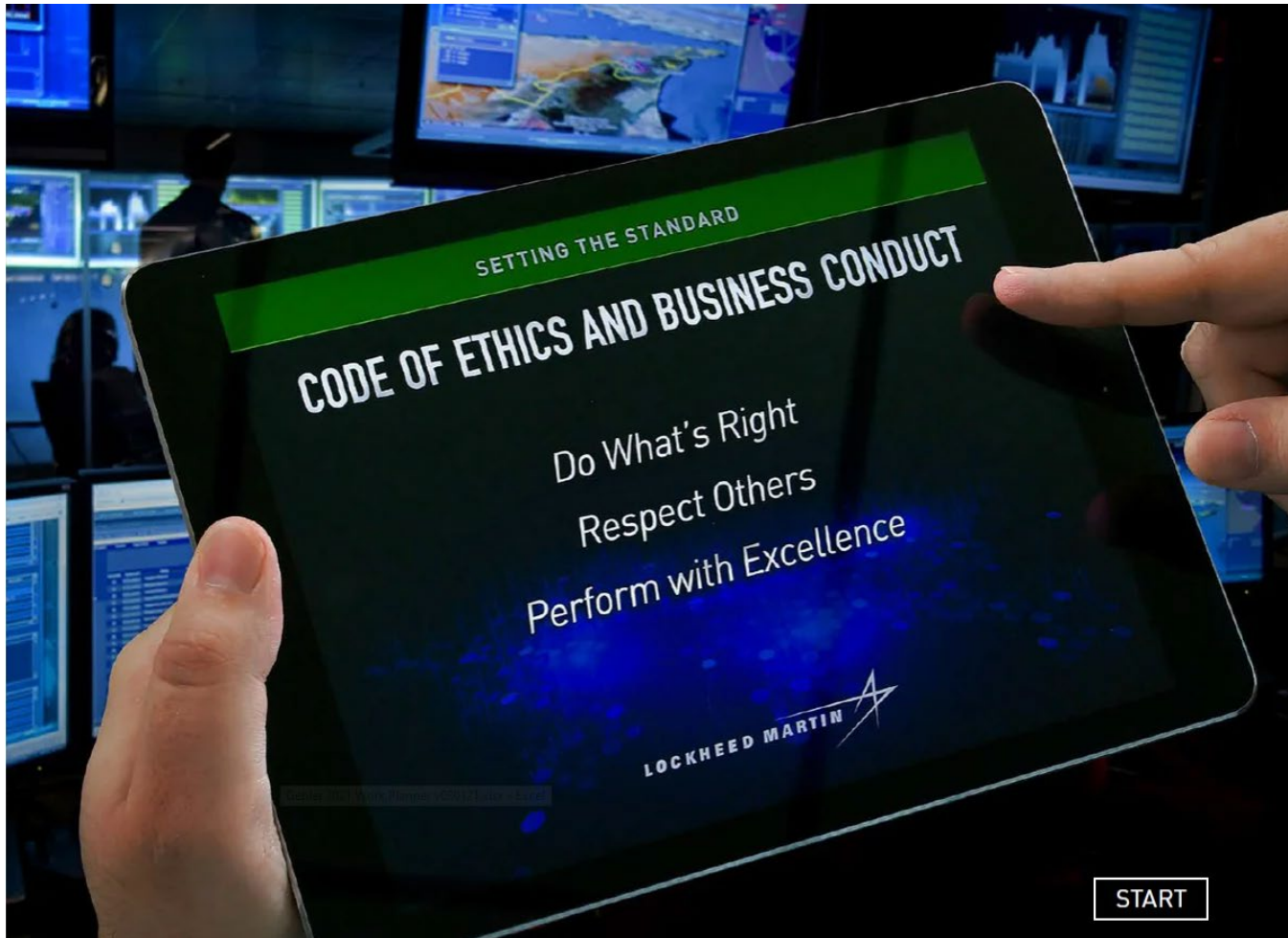
Some topics your policies might cover:

- Hiring practices (EEO/AA)
- Conflicts of interest
- Use of company time, resources
- Gifts & business courtesies
- Confidential/proprietary information



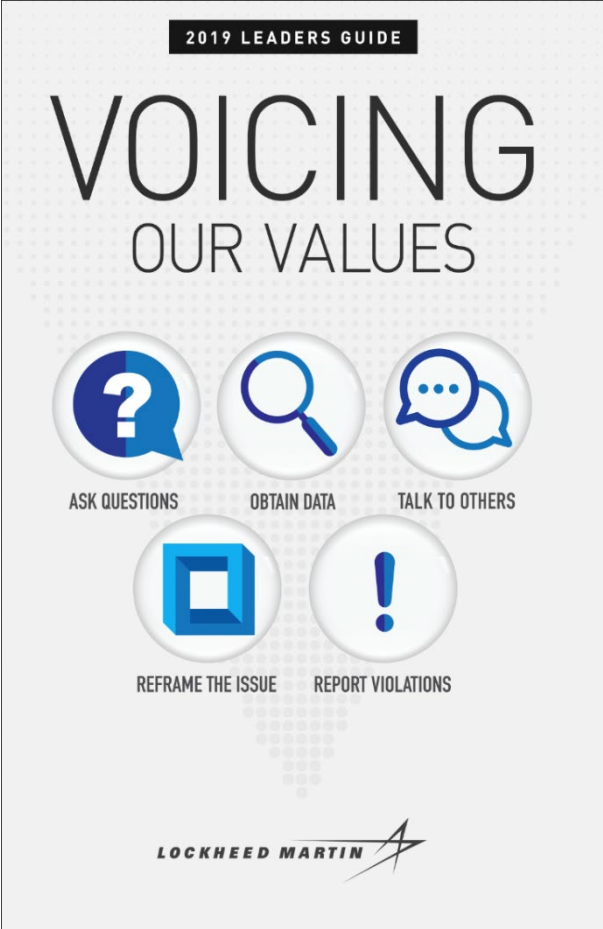
Standards for
mitigating key ethics
and compliance risks

CODE OF CONDUCT




Summary of
expectations for
employee behavior

TRAINING



Education about specific compliance topics and strategies for addressing ethical dilemmas

COMMUNICATIONS



**SEE SOMETHING,
SAY SOMETHING**


Speaking up is the right thing to do *and* helps us make our company an even better place to work.

- You can contact Ethics to ask a question, request guidance, or report a potential violation of our Code, policy or laws.
- All contacts to Ethics are strictly confidential.
- Retaliation against employees who raise concerns in good faith will not be tolerated.

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

Your Logo Here

**DO YOU KNOW YOUR
ETHICS OFFICER?**



*Insert picture of
Ethics POC here*

***"Hi, I'm your Ethics Officer!
I enjoy volunteering in my community, taking
long walks on the beach and helping coworkers
work through tough issues."
[insert your own quote that makes the Ethics
POC seem professional and approachable]***

Contact Ethics
Office Number: S203
Tel: (555) 555-5555
Email: ethics@yourcompany.com

Your Logo Here



Ethics and compliance
messaging outside
training

PROGRAM ASSESSMENT

Updated September 2016

Supplier Self-Assessment Lockheed Martin Ethics Supplier Mentoring Program



Program Element	Self-Assessment Questions	Supplier Notes	Lockheed Martin Practices and Resources
» Company Values	Does your company have a values statement?		» Lockheed Martin's core values are <i>Do What's Right, Respect Others, Perform with Excellence</i> .
» Program Structure & Oversight	Who is responsible for ethics in your organization? What resources does this person or team have? Who has direct oversight of or accountability for that person or team?		Lockheed Martin's Vice President of Ethics and Sustainability manages the activities of our Ethics team, reports directly to our CEO, and gives quarterly briefings to the Ethics and Sustainability Committee of our Board of Directors. Lockheed Martin's Ethics organization is an independent department within the Corporation with its own budget and full-time staff.
» Risk Assessment	How often does your company conduct an assessment of its ethics and compliance risks?		» The risk areas identified by Lockheed Martin are addressed in our Code of Ethics and Business Conduct, Setting the Standard, and by our Business Conduct Compliance Training (BCCT) courses.
» Policies & Procedures	Do your company's policies and procedures address the topics identified by your risk assessment?		» Most of Lockheed Martin's policies and procedures are considered proprietary information, but we publish documents related to our Anti-Corruption Program on our external website.
» Code of Conduct	Does your company have a code of conduct or other written expectations for employee behavior? Is it available to all employees and others who act on behalf of the company?		» Lockheed Martin's Code of Ethics and Business Conduct, <i>Setting the Standard</i> , details the high expectations we set for employee behavior, from our commitment to good citizenship to our zero-tolerance policy on corruption. All Lockheed Martin employees, consultants and members of the Board of Directors must certify that they have read, understand and will abide by our Code of Ethics and Business Conduct.
» Training	How often does your company train employees on their ethics and compliance responsibilities? Does the training address the topics identified by your risk assessment?		» Lockheed Martin requires all employees to participate in our annual Voicing Our Values Ethics Awareness Training and to complete Business Conduct Compliance Training courses relevant to their role.
» Communications	Does your company communicate with employees about ethics and compliance, in addition to training? Do these communications address the topics identified by your risk assessment?		Lockheed Martin uses a wide variety of methods to communicate with employees and external audiences. For example, we produce a series of short, soap opera-style videos called the Integrity Minutes and other multimedia communications to engage with employees outside of our annual training.
» Leadership Commitment	How do your company's leaders demonstrate their support for ethics?		Lockheed Martin's President, CEO and Chairman introduces our annual Ethics Awareness Training module, as well as our Code of Ethics and Business Conduct. She also frequently refers to ethics in internal and external presentations.
» Inquiry & Reporting Mechanisms	Does your company have a way for employees and external stakeholders to ask a question or report potential misconduct without fear of retaliation?		» Lockheed Martin's <i>How the Ethics Process Works</i> brochure informs employees and other stakeholders how they can ask a question or report potential misconduct, and explains how contacts to the Ethics Office are handled.
» Investigations & Disclosures	How does your company identify and investigate alleged misconduct? Do you have a process in place to ensure compliance with any mandatory disclosure obligations?		» Lockheed Martin's <i>How the Ethics Process Works</i> provides an overview of what reporting parties can expect after they report potential misconduct to the Ethics Office. Lockheed Martin's Legal team handles all disclosures to the U.S. federal government.

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PIRA #: CHQ201608006



Regular audits and/or
monitoring of ethics
program effectiveness

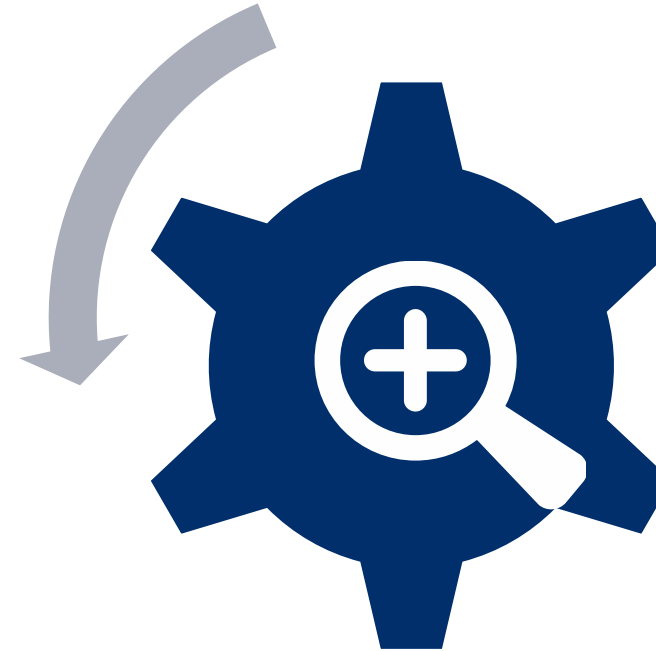
INQUIRY & REPORTING MECHANISMS

Helpline VS. Hotline



Avenues for employees
to ask a question or
report potential
misconduct

INVESTIGATIONS & DISCLOSURES



Company's response to
allegations of
misconduct

DISCIPLINE & INCENTIVES



Negative consequences
for misconduct and
rewards for ethical
behavior

HOW CAN YOU START DEVELOPING YOUR ETHICS PROGRAM TODAY?

SELF-SERVE RESOURCES

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

Infographic Guides

Supplier Self-Assessment Tool

You may already have more elements of an effective ethics program than you think. Our Excel spreadsheet that compares some of the key global standards for ethics, compliance and anti-corruption, you determine where to focus your efforts.

Assess Your Ethics Program

ELEMENTS OF AN EFFECTIVE ETHICS PROGRAM

- COMPANY VALUES
- RISK ASSESSMENT
- POLICIES & PROCEDURES
- PROGRAM STRUCTURE & OVERSIGHT
- CODE OF CONDUCT
- TRAINING
- LEADERSHIP COMMITMENT
- INVESTIGATIONS & DISCIPLINE
- REPORTING MECHANISMS
- DISCIPLINE & ENFORCEMENT
- PROGRAM EVALUATION

Supplier Self-Assessment Tool

Next, download the one-page guides below to quickly understand the "what," "why," and "how" of each element.

Other Resources

- Company Values
- Program Structure & Oversight
- Leadership Commitment
- Risk Assessment
- Policies & Procedures
- Code of Conduct
- Training
- Communications
- Inquiry & Reporting Mechanisms
- Investigations
- FAR Mandatory Disclosures
- Program Assessment

Additional Resources

- Additional Ethics & Compliance Resources

LOCKHEED MARTIN

ELEMENTS OF AN EFFECTIVE ETHICS PROGRAM

CODE OF CONDUCT

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/en-us/documents/ethics/supplier-code.pdf
Ethics & Compliance Initiative (ECI):
ethics.org/resources/free-toolkit

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!

Supplier Self-Assessment Tool

Updated September 2019

Supplier Self-Assessment
Lockheed Martin Ethics Supplier Mentoring Program

LOCKHEED MARTIN

Program Element	Self-Assessment Questions	Supplier Notes	Lockheed Martin Practices and Resources
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Risk Assessment	How often does your company conduct an assessment of its ethics and compliance risks?		The risk was identified by Lockheed Martin in our Code of Ethics and Business Conduct. Setting the Standard, and by our Business Conduct & Compliance Training (BCCT) courses.
Policies & Procedures	Do your company's policies and procedures address the topics identified by your risk assessment?		Most of Lockheed Martin's policies and procedures are considered proprietary information, but we publish documents related to our Anti-Corruption Program on our external website.
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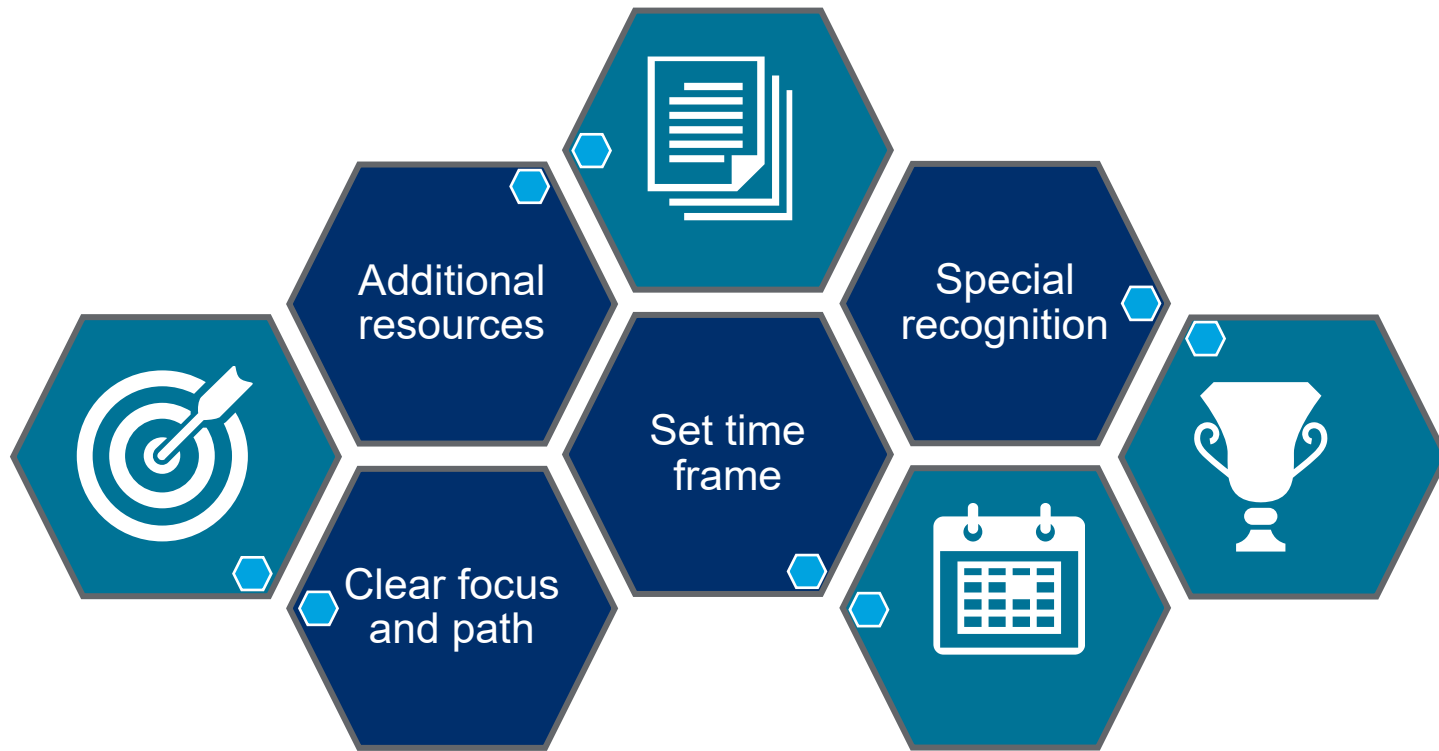
All ethics resources, including 1-on-1 mentoring are completely free and voluntary.

LOCKHEED MARTIN ETHICS SUPPLIER MENTORING PROGRAM



Use our online self-serve resources, work 1-on-1 with a Lockheed Martin Ethics Officer – or both!

ADVANTAGES OF ONE-ON-ONE MENTORING



1-on-1 mentoring has many advantages, in addition to personalized expert guidance

SOME OF OUR ALUMNI

EXPANCO

SYLHAN



SWANSON



RINK



SearchPros



ALA
ADVANCED LOGISTICS FOR AEROSPACE

SPIRIT ELECTRONICS



CTL Resources

iNovex
Information Systems

DCR

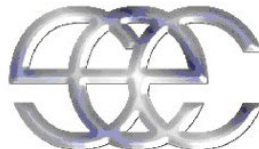


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Specializing in CNC Turning & Milling

AMT
Integrated Solutions



Aviation Ground Equipment Corp.



WT WIN-TECH INC

RALOID CORPORATION



MINICOURSE SERIES


MINICOURSE	SPEAKER
1) Company Values	Steven Pegg
2) Program Structure & Oversight	Andy Whittemore
3) Risk Assessment	Ellen Daly
4) Policies & Procedures	Andre Colella
5) Code of Conduct	Fawn Hudson
6) Training	Feyzan Dalay
7) Communication	Danielle Bartos
8) Leadership Commitment	Jenny Jackson
9) Inquiry & Reporting Mechanisms	Edward Cordia
10) Investigations & Disclosures	Wendy Evans
11) Discipline & Incentives	Marie Walsh
12) Program Evaluation	Golden Lopez




To register for
free minicourses,
visit our website:

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

HOW TO REGISTER



Why You Need an Ethics Program and How to Get Started Today



ETHICS
AND
BUSINESS
CONDUCT

Tue, Aug 11, 2020 3:37 PM - 4:40 PM EDT
[Show in My Time Zone](#)

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Email Address*	Organization*
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By clicking this button, you submit your information to the webinar organizer, who will use it to communicate with you regarding this event and their other services.

To register for
free minicourses,
visit our website:

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

DEFENSE INDUSTRY INITIATIVE (DII) SMALL BUSINESS TOOLKIT

Governance & Organization

Training & Engagement

Policies & Procedures

Auditing, Monitoring &
Mentoring



If you use just one
resource, make it the
DII Small Business
Toolkit – it's free and
easy to use



THANK YOU!



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

[@ethics.suppliers@lmco.com](mailto:ethics.suppliers@lmco.com)

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