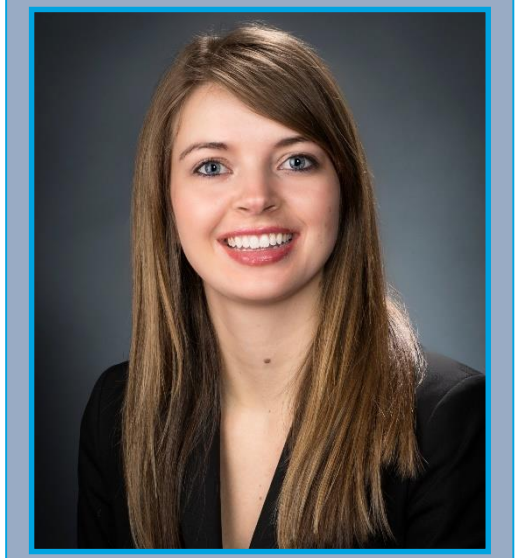
TRAINING & COMMUNICATING ON ETHICS AND ASSESSING YOUR ETHICS PROGRAM

PART OF ETHICS SUPPLIER MENTORING PROGRAM WEBINAR SERIES

LOCKHEED MARTIN

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

PRESENTERS



Lauren Schultz

Senior Analyst, Corporate Ethics Office

Dave Levin

Ethics Officer, Rotary & Mission Systems

Jenny Bielak

Senior Ethics Officer, Space

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

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.

You are solely responsible for determining the content and scale of your program.

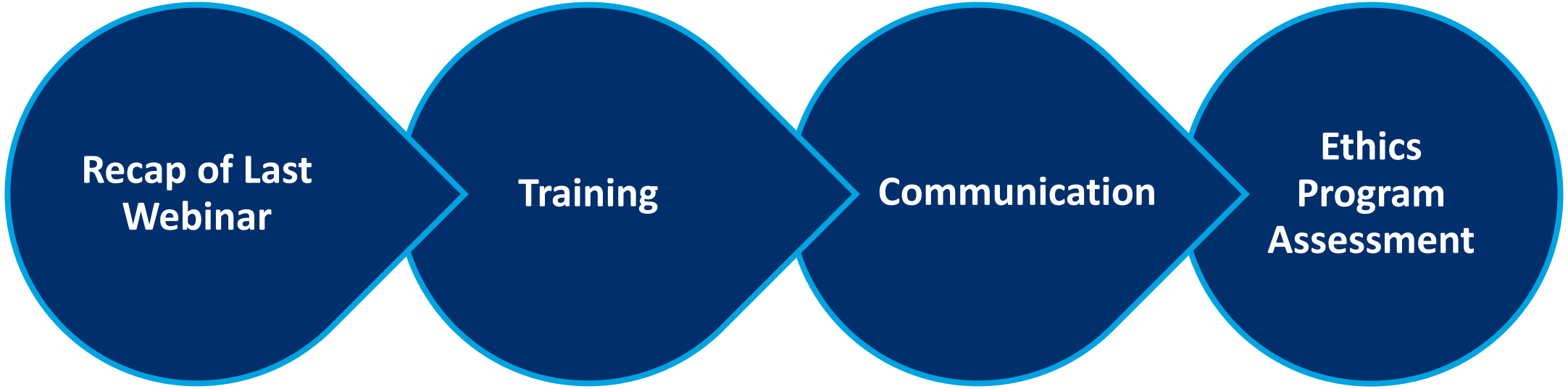
© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

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

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

WEBINAR AGENDA



© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

RECAP OF LAST WEBINAR

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

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

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

TRAINING

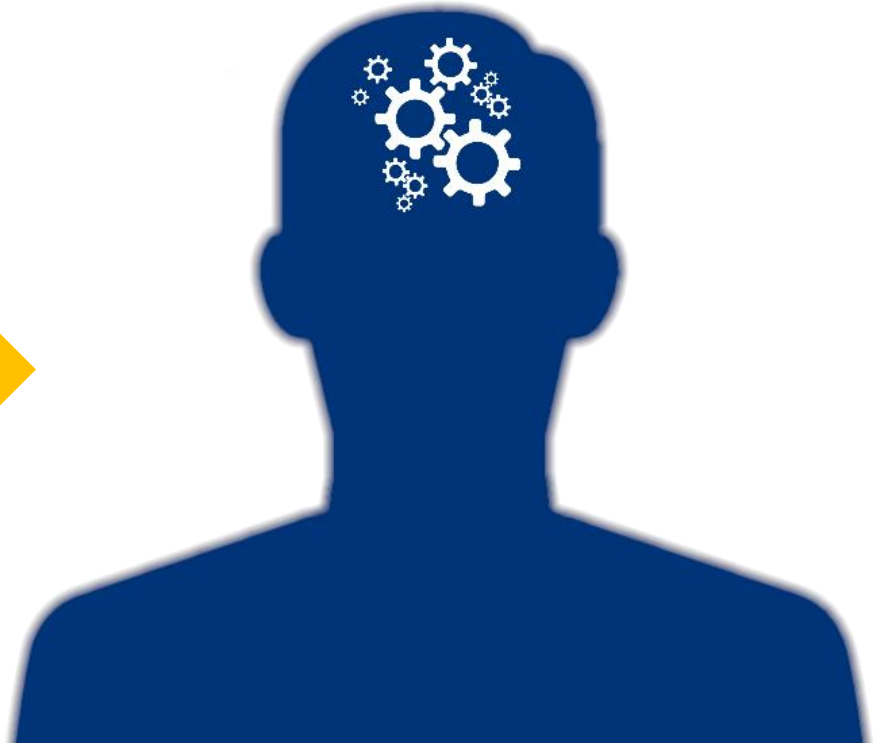
© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

TRAINING – WHY?

Company's Expectations

+

How to Handle Deviations from Expectations



© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

TRAINING – WHAT?

Compliance Training	Awareness Training
Compliance-based	Values-based
Legal, regulatory, policy requirements	Strategies for ethical decision-making

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

TRAINING – POLLING QUESTION

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

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

TRAINING – POLLING RESULT

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

COMPLIANCE TRAINING – EXAMPLES

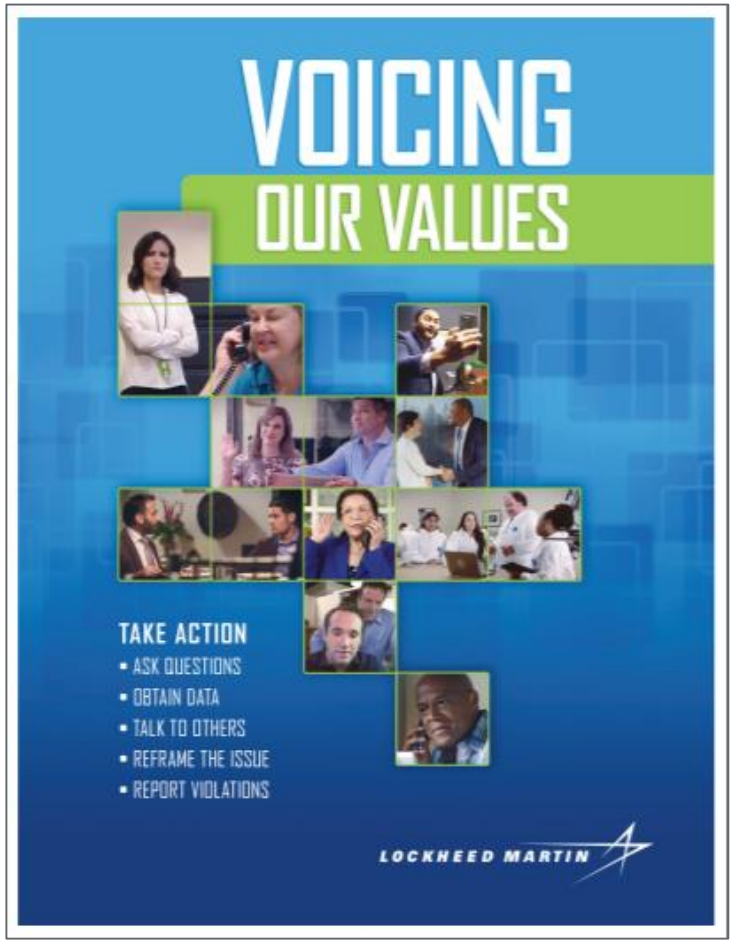
- Addresses legal, regulatory risks and requirements
- Courses assigned based on employees' function, role, level
- Video-based individual online training

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	

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

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



Ask questions → Obtain data → Talk to others → Reframe the issue → Report violations

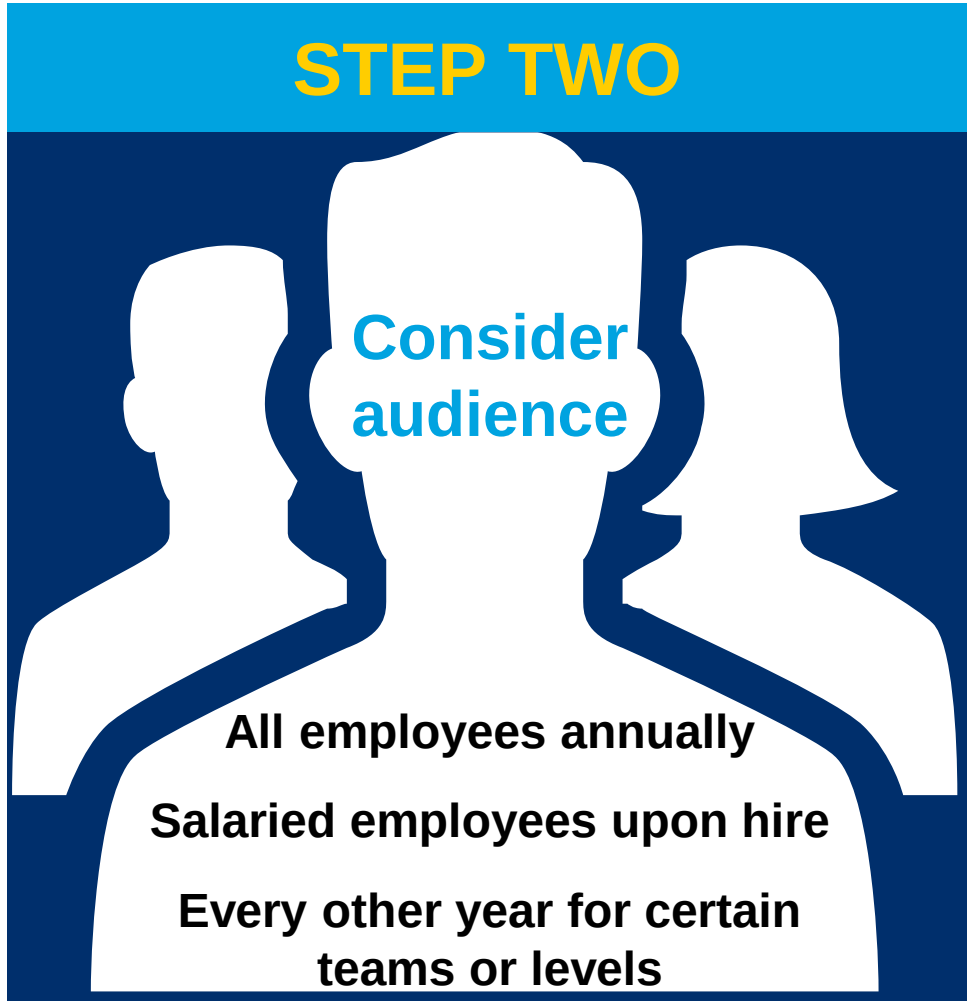
- Videos available for licensing

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

TRAINING – HOW?

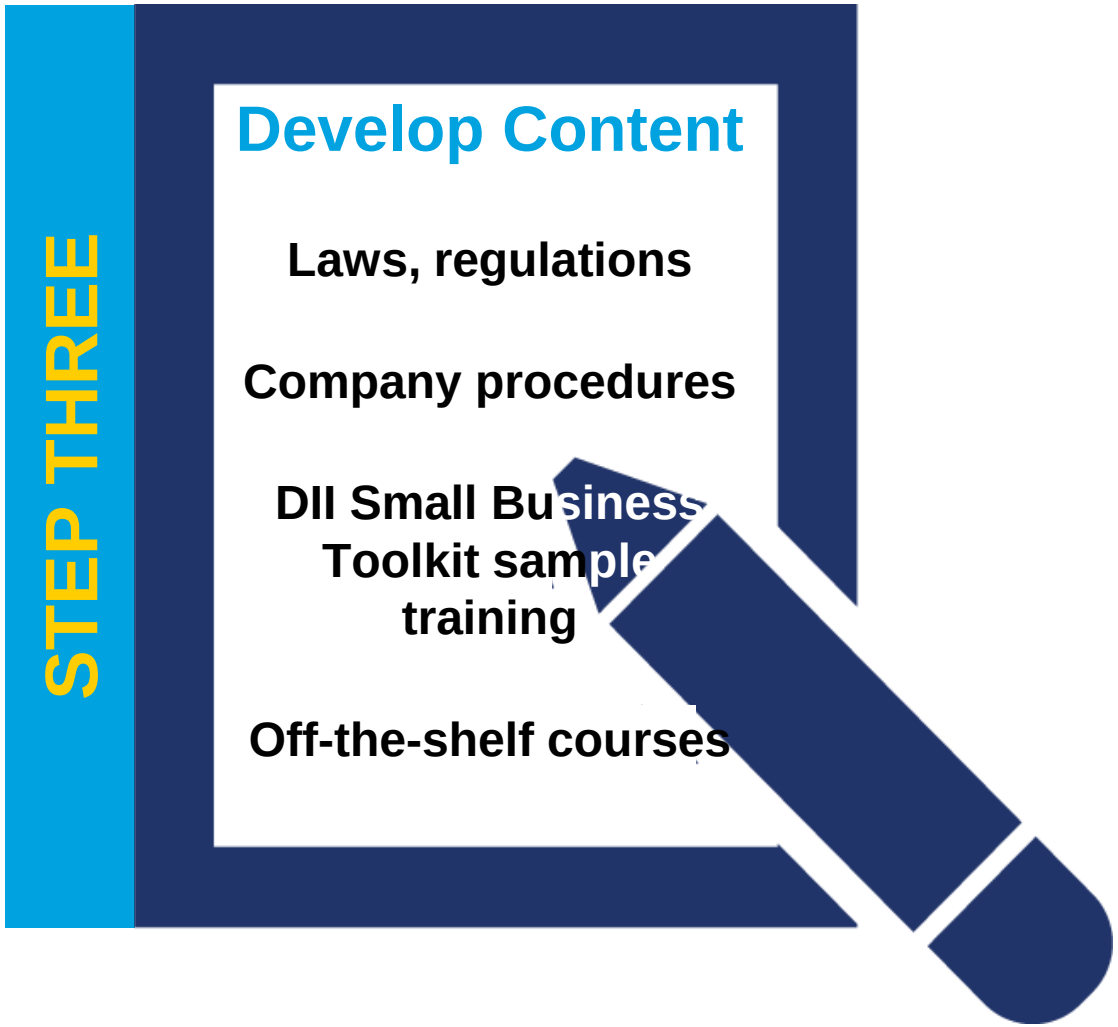
© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

TRAINING – HOW?



© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

TRAINING – HOW?



© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

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

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

DII "COMPLIANCE BASICS FOR SUPPLIERS AND SMALL BUSINESSES" POWERPOINT

Responsibilities to One Another	Responsibilities as Corporate Citizens	Responsibilities to Business Partners	Responsibilities to External Stakeholders	Responsibility to Do the Right Thing
• Harassment Free Workplace & Non-Discrimination • Combating Human Trafficking • Environmental Safety & Health	• Anti-Trust Laws • Anti-Boycott Laws • Corruption & Bribery • Kickbacks • International Trade Compliance • Conflict Minerals	• Quality • Counterfeit Parts • Conflicts of Interest • Gifts & Business Courtesies	• Accurate Business Records • Information Protection • Insider Trading	• Mandatory Disclosures • Civil False Claims Act • Suspension & Debarment • Whistleblower Protection Act

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

Compliance Basics for Suppliers and Small Businesses

Defense Industry Initiative

May 2016

Disclaimer: This document is for reference only and to be used at the consumer's own risk. The Defense Industry Initiative (DII) disclaims any and all liability for any consequences arising out of your use of this document. DII does not guarantee that any or all aspect of this document has been updated to reflect any changes or developments in the law. As such, DII is not responsible for any subsequent regulatory or legal changes that may render this document obsolete. By posting this document, DII is not providing legal advice and is not agreeing to enter into an attorney-client relationship. Please consult with legal counsel to advise you on establishing, maintaining, and auditing your compliance program.

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

Overview

- 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	Abide by the Contract
✓ 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	✓ 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	**Report Concerns**
✓ Company policies and procedures help employees meet contract requirements ✓ Following policies and procedures is an important aspect of performing US Government contracts correctly	✓ 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

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

TRAINING – HOW?

STEP FIVE

Document

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

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

COMMUNICATION

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

COMMUNICATION – WHY?

Reinforce key messages
year-round, outside of training,
to keep content top-of-mind

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

COMMUNICATION – POLLING QUESTION

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

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

COMMUNICATION – POLLING RESULT

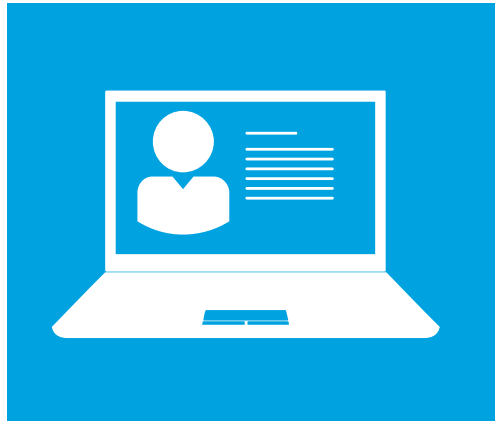
© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

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

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

COMMUNICATION – HOW?

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

COMMUNICATION – HOW?

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

COMMUNICATION – HOW?

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

COMMUNICATION – HOW?

STEP FOUR

Leverage existing tools

Website

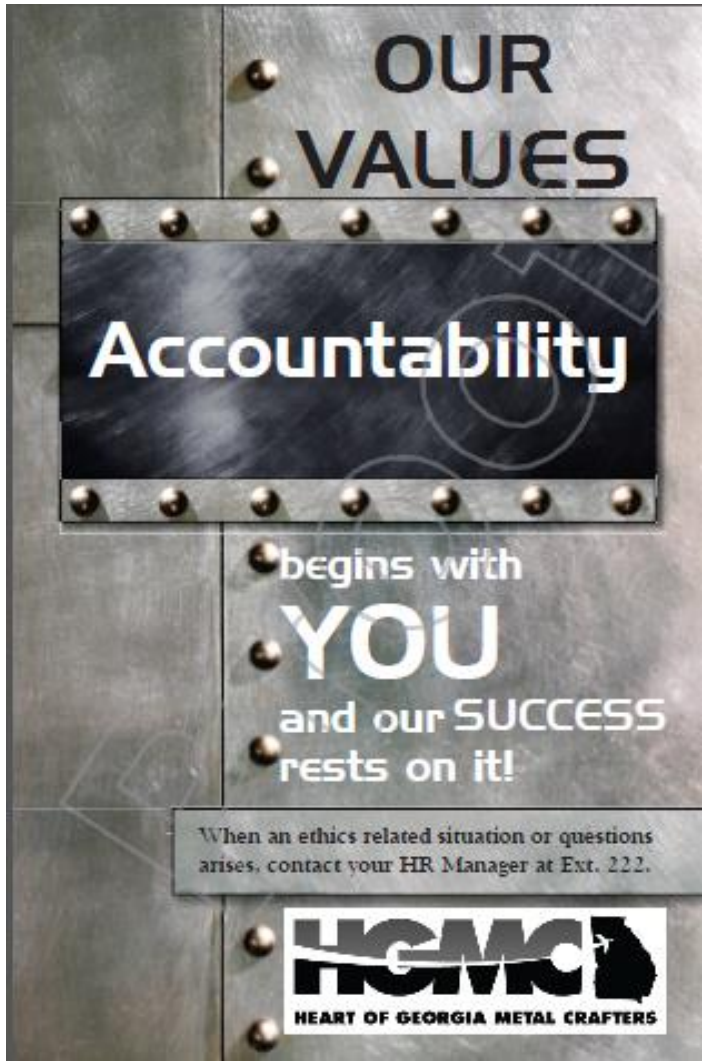
Newsletter

Team meetings

Breakroom posters

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

COMMUNICATION – EXAMPLE



© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

COMMUNICATION – EXAMPLES

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

COMMUNICATION – EXAMPLES

The Co-Op Connection

Issue 2013-04

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 on 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 ext. 4797 or email at Ethics@coopind.com All inquiries are handled confidentially and will be given prompt attention.

Changes to Your 401(k)

Upcoming Holidays

October 14 – Columbus Day	**November 28 – Thanksgiving (OFF WORK)** **November 29 – Thanksgiving (extra day OFF WORK)**
October 31 – Halloween	December 24 – Christmas Eve **December 25 – Christmas Day (OFF WORK)**
November 11 – Veterans Day	December 31 – New Years Eve **January 1 – New Years Day (OFF WORK)**

The Co-Op Connection

A Co-Operative Industries Employee Communication

Issue 2017-01

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:

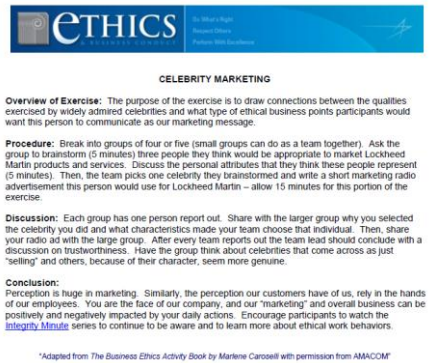
- *Act with Honesty, Integrity & Respect*
- *Do the Right Thing*
- *Speak Up.*

Again, welcome to 2017 and let's make it a great year and have fun!

Sam Symonds

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

COMMUNICATION – EXAMPLES



CELEBRITY MARKETING

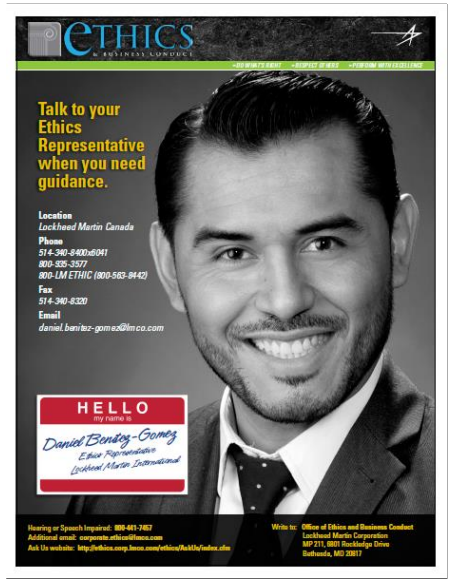
Overview of Exercise: The purpose of the exercise is to draw connections between the qualities exercised by widely admired celebrities and what type of ethical business points participants would want this person to communicate as our marketing message.

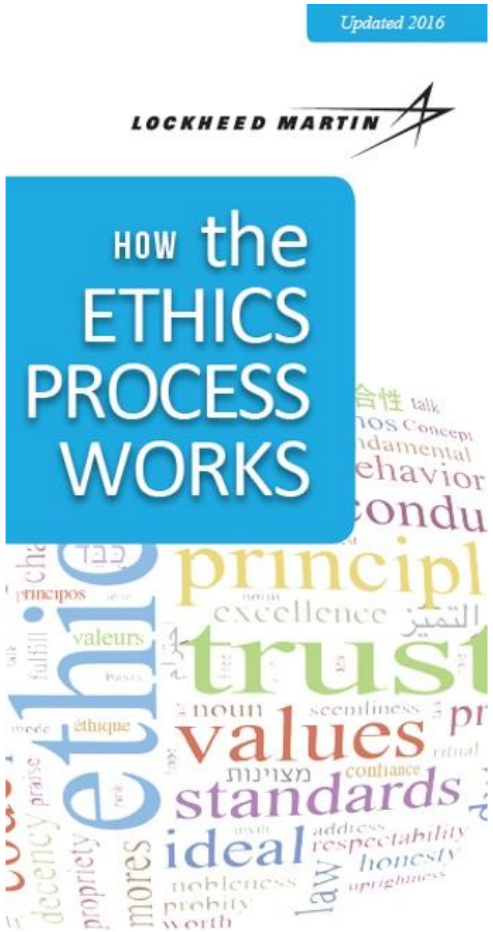
Procedure: Break into groups of four or five (small groups can do as a team together). Ask the group to brainstorm (5 minutes) three people they think would be appropriate to market Lockheed Martin products and services. Discuss the personal attributes that they think these people represent (5 minutes). Then, the team picks one celebrity they brainstormed and write a short marketing radio advertisement this person would use for Lockheed Martin – allow 15 minutes for this portion of the exercise.

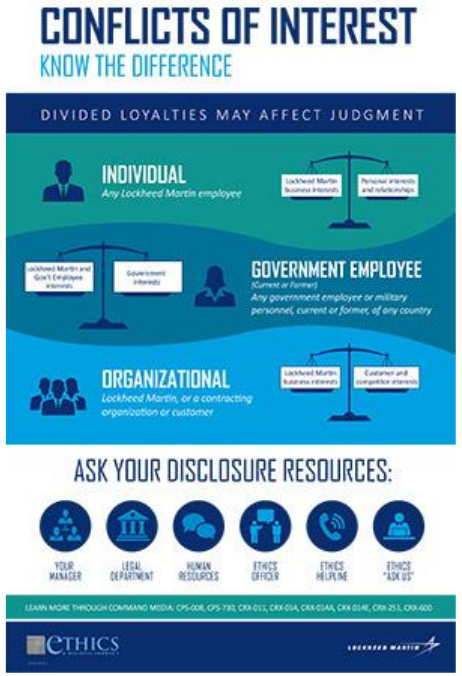
Discussion: Each group has one person report out. Share with the larger group why you selected the celebrity you did and what characteristics made your team choose that individual. Then, share your radio ad with the large group. After every team reports out the team lead should conclude with a discussion on trustworthiness. Have the group think about celebrities that come across as just "selling" and others, because of their character, seem more genuine.

Conclusion:
Perception is huge in marketing. Similarly, the perception our customers have of us, rely in the hands of our employees. You are the face of our company, and our "marketing" and overall business can be positively and negatively impacted by your daily actions. Encourage participants to watch the Integrity Minute series to continue to be aware and to learn more about ethical work behaviors.

*Adapted from *The Business Ethics Activity Book by Marlene Caroselli* with permission from AMACOM*

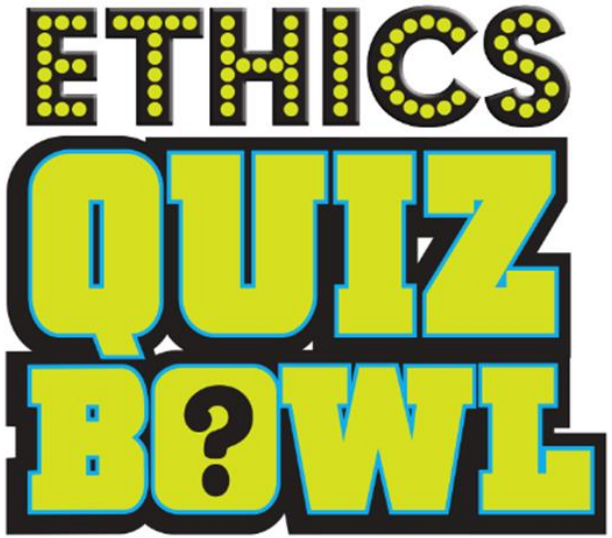






© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

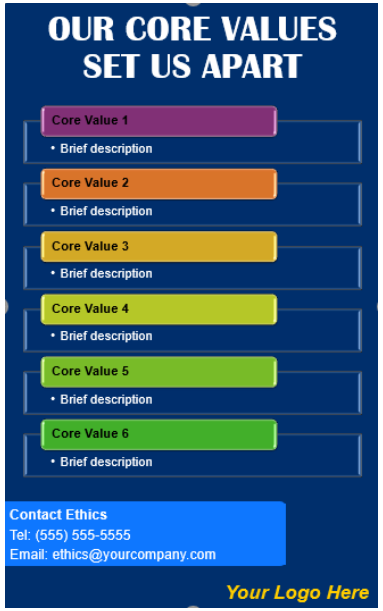
COMMUNICATION – EXAMPLES

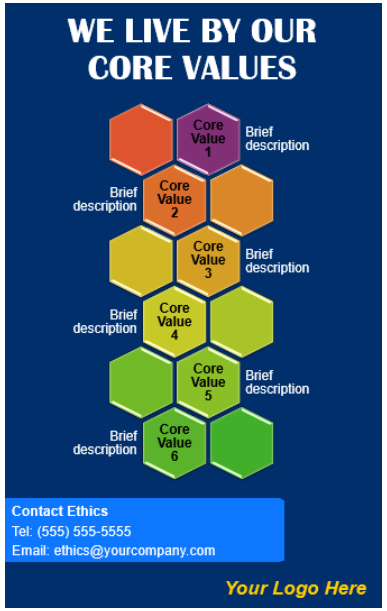


© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

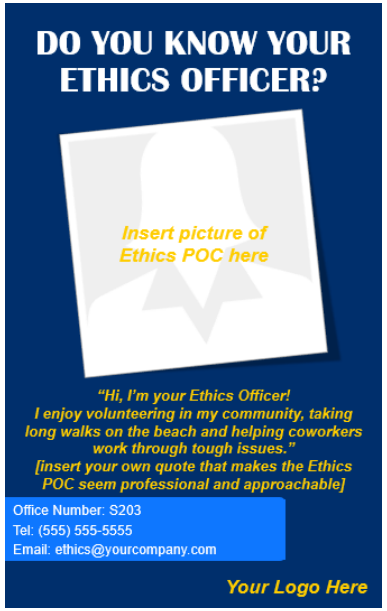
COMMUNICATION – TEMPLATES

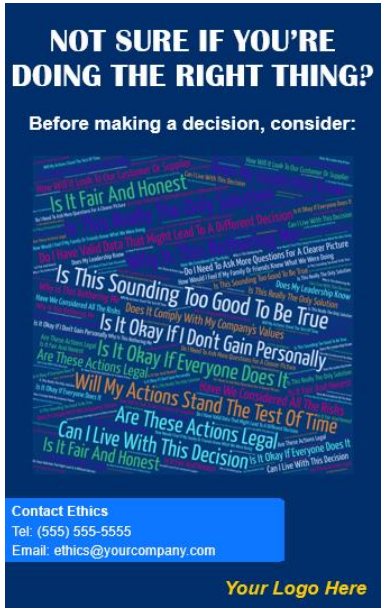
Core Values





Contact Ethics





© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

ETHICS PROGRAM ASSESSMENT

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

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

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

PROGRAM ASSESSMENT – POLLING RESULT

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

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

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

PROGRAM ASSESSMENT – WHY?

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

PROGRAM ASSESSMENT – HOW?

STEP ONE

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"

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

PROGRAM ASSESSMENT – HOW?

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

PROGRAM ASSESSMENT – HOW?

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

PROGRAM ASSESSMENT – HOW?

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

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

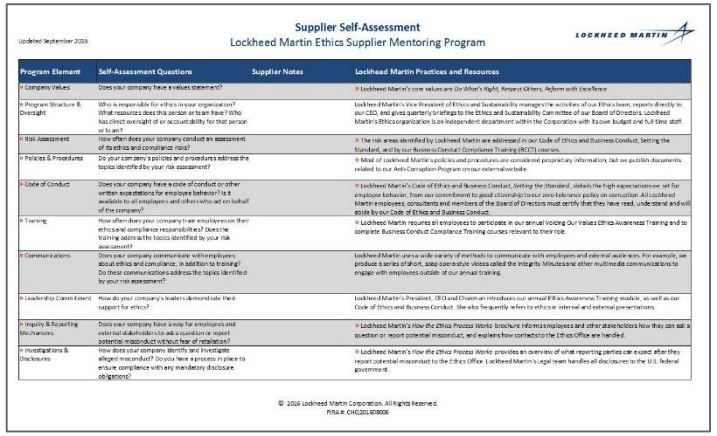
Continual improvements are essential for an effective ethics program

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

SELF-SERVE RESOURCES

www.lockheedmartin.com > Suppliers > Ethics

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
Company Values	Does your company have a values statement?		Lockheed Martin's core values are *Do What's Right, Respect Others, Reform with Excellence*.
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, *Setting the Standard*, 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 Living 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 *How the Ethics Process Works* brochure informs employees and other stakeholders how they can ask a question or report potential misconduct, and explains how complaints 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 *How the Ethics Process Works* 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.

© 2016 Lockheed Martin Corporation. All Rights Reserved.
PIRA #: CHQ201608006

Infographic Guides

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

CODE OF ETHICS AND BUSINESS CONDUCT

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.

© 2017 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA#: CHQ201710006

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!

All ethics resources, including 1-on-1 mentoring are completely free and voluntary.

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

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

© 2018 LOCKHEED MARTIN CORPORATION. ALL RIGHTS RESERVED.
PIRA #: CHQ201710008

LOCKHEED MARTIN