

CPS-008 Gifts, Hospitality, Other Business Courtesies and Sponsorships

Frequently Asked Questions

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1.0 General FAQ

1.1 Who's in charge of deciding what's ok to give or accept?

It is each employee's responsibility to ensure that business courtesies are not offered or received except as permitted in [CPS-008](#). There are several resources available for employees when questions arise. Employees should consult with their Ethics Officer or element legal counsel before accepting or giving gifts or business courtesies when the appropriateness is unclear. In addition, the Protocol Office can offer advice on etiquette, cultural considerations, and other questions regarding the appropriateness of planned business courtesies.

1.2 What is a “business courtesy”?

[CPS-008](#) defines “business courtesy” and the definition is intentionally broad: it includes gifts (which are usually tangible things, like a commemorative paperweight), as well as other business courtesies, like a meal, attendance at a conference, or tickets to a sporting event, that a person can’t display on a book case but nonetheless have a dollar value. The basic concept is: for interactions with business relations, if the person or entity is receiving something and doesn’t pay fair market value for it, then it is covered by our policy.

1.3 What does “fair market value” mean?

Under [CPS-008](#), “fair market value” means the retail cost you would have to pay to purchase the business courtesy. If the fair market value is not known or not easily discernible, then its value may be estimated based on the retail cost of similar items of like quality.

The market value of a ticket, fee, or invitation to any event, recreational activity, or other entertainment is the face value of the ticket. If the event is “sold out” or is a special event (like the Olympics, World Cup, or Super Bowl, etc.) where there is a limited quantity of tickets available to the general public for purchase, consult your Ethics Officer. Note that the dollar value of any amenities offered (like parking, or additional buffet, etc.) must be added to the face value in order to capture the total fair market value of the business courtesy being offered.

To determine the fair market value of an item, you should determine the retail cost of the item (average retail costs from the most likely sources of purchase for the recipient). The fair market value should not include taxes or shipping/handling costs that might also be incurred. When determining the fair market value of a meal or refreshments, find the average per person cost of the meal/refreshment. Do not include the taxes, tips, delivery fees, or other such charges in your costs.

1.4 How do I determine which country’s International Hospitality Rules to use?

Generally, you should use the nationality of the entity which the intended recipient is representing. For example, if you plan to host an individual from a United Kingdom (UK) company, but the individual is herself not a UK citizen, you should still use the UK guidelines. It can become complicated when an entity is multinational. For example, a company may be headquartered in Australia, but you are dealing with the Indian subsidiary. In this situation you should use the India guidelines. If you have any questions, contact your Ethics Officer or element legal counsel.

1.5 Does [CPS-008](#) prohibit an employee from exchanging gifts with relatives who are customers, managers, or other business relations? What about close friends?

Employees are allowed to give and receive gifts motivated solely by a family or personal relationship. Sometimes it can be hard to determine if a personal relationship exists with a colleague or a former colleague. Consider the following questions to help you determine your motivation:

Have you interacted with this person outside of work (and work-related functions) in the past? With what frequency?

If you were not working for Lockheed Martin at this moment, would you still want to provide this gift to or receive this gift from this person now?

Does Lockheed Martin have any pending proposal, program decision, etc. in front of this person or this person’s employer (or vice versa) that could make the proposed gift appear to be a conflict of interest?

It is important for all employees to understand that their actions concerning relatives may give rise to real or perceived conflicts of interest. You should consult CRX-014 Conflict of Interest for additional information on how to avoid or declare such situations. Note: If the

gift is being charged to, or reimbursed by, Lockheed Martin, it is not considered a gift based on a personal relationship, and therefore is subject to [CPS-008](#).

1.6 What rules apply to gifts to family members?

If your family member receives a business courtesy from a Lockheed Martin business relation, that courtesy must be analyzed as though it were given to you. This means that if you and your spouse are offered tickets to an event, and the fair market value of each ticket is \$75 USD, the total fair market value of the gift offered to you is \$150 USD. Accepting both tickets would exceed our acceptance limits. Similarly, if you are giving a business courtesy to a family member of a business relation, you must treat that business courtesy as though it were a gift to the business relation directly. Refer to [CPS-008](#) Section 3.0, which provides a definition of “family.”

1.7 For some of my customers, the rules governing the acceptance of business courtesies are less restrictive than Lockheed Martin's policies. Whose rules apply when offering courtesies?

Even if the customer's rules are less restrictive, Lockheed Martin's policies would still apply.

1.8 I know that I must avoid even the perception of impropriety where gifts are concerned. How do I judge what's appropriate?

Ask yourself several questions:

- Do the gifts or business courtesies exceed established law, regulation or policy?
- What type of gift is it? Is it a small token, such as a coffee mug, or is it something more substantial? Be wary of expensive gifts.
- Is the gift giver attempting to obtain favorable treatment?
- Is the intended recipient in a position to influence the purchase of our goods or services?
- Does this feel right?

If a situation doesn't seem right, contact the Ethics Office or talk to your leader. Some types of gifts or entertainment could reflect negatively on Lockheed Martin or our customers, or violate the law (examples include “adult entertainment” or sexual favors) and would never be permissible, regardless of cost. If you are unsure if a proposed gift is appropriate, contact the Ethics Office.

1.9 Can I use personal funds to purchase business courtesies?

No. You are not permitted to use personal funds or assets to circumvent [CPS-008](#). All business-related expenditures and reimbursements must be accounted for in accordance with Lockheed Martin policies and procedures. For example, if your organization would like to give a business courtesy but there isn't budget for it, you cannot use personal funds to give a gift that exceeds the policy limits. You also cannot use personal funds to provide a business courtesy to a business relation that meets all the policy requirements. For example, if you have a business-related meal with a non-U.S. public official, you may not avoid our policy restrictions by paying for it with personal funds or by not submitting the meal for reimbursement. See [CPS-008](#) Section 5.2. Note that you are permitted to use

personal funds to exchange gifts between Lockheed Martin employees. See [CPS-008](#) Section 5.12 and 5.13.

1.10 Can I give and receive cash or gift cards as business courtesies?

For the most part, no, you cannot accept or give cash, cash equivalents, and many gift cards as business courtesies. Consult the quick reference table below and refer to the policy sections noted.

	Can I accept...	Can I give...
Cash?	No (Section 5.4).	No (Section 5.4).
Cash Equivalents? (See CPS-008 Section 3.0 for definition)	No (Section 5.4).	No (Section 5.4).
General Purpose Gift Card? (See CPS-008 Section 3.0 for definition)	No (Section 5.4).	No (Section 5.4).
Specific Retailer Gift Card? (See CPS-008 Section 3.0 for definition)	Yes, within the limits of Section 6.0.	No (Section 5.4).

Note: requests to contribute to a cash collection towards a group gift for a business relation, or to provide an honorarium as a business courtesy to an external speaker are generally prohibited. A request for an exception request could be submitted for review and pre-approval by an Ethics Officer or element legal counsel in rare cases.

1.11 How do I request an exception to CPS-008?

Refer to Section 9 of [CPS-008](#), which describes the CPS-008 sponsorship and gift exception request tool and the [CPS-008 sponsorship and gift exception request form](#). Lockheed Martin employees with access to the Lockheed Martin Intranet should utilize the tool, while Lockheed Martin employees without access to the Lockheed Martin Intranet should use the form.

1.12 What happens if a Lockheed Martin employee violates CPS-008?

The ramifications for violating [CPS-008](#) can be serious. Violations of this policy may result in discipline for the employee, up to and including termination of employment. Providing a prohibited business courtesy may require disclosure to the government or result in criminal prosecution of, or civil action against, the employee and Lockheed Martin. The outcome can include a prison sentence, fines, and civil penalties. In addition, the government may restrict the Corporation's ability to conduct future business.

1.13 Where can I find the relevant policies?

- [CPS-008 Gifts, Hospitality, Other Business Courtesies and Sponsorships](#)
- CPS-113 Acquisition of Goods and Services
- CPS-716 Compliance with the Anti-Kickback Act of 1986
- [CPS-730 Compliance with Anti-Corruption Laws](#)
- CRX-014 Conflict of Interest
- CRX-251 Charitable Contributions
- CRX-526 Corporate Aircraft

2.0 Accepting Business Courtesies

2.1 Can I accept an invitation to participate in a vendor's annual golf tournament/networking event at no cost to me?

It depends on what your role is with Lockheed Martin relative to the vendor, and what the fair market value is of your participation. If you work in the Global Supply Chain Operations (GSCO) or are involved in the process of directing Lockheed Martin business or funds to the vendor, then you cannot participate for free. If there is a legitimate business reason for participation, Lockheed Martin may pay your way. If you are not in GSCO and you are not involved in directing business or funds to the vendor hosting the tournament, you would be permitted to participate if the value is \$100 or less and the other criteria of the policy are met (see [CPS-008](#) section 6.3).

Entertainment over \$100 can be accepted under certain circumstances (see [CPS-008](#) section 6.5) using the CPS-008 sponsorship and gift exception request tool. Note that the definition of "entertainment" in [CPS-008](#) requires that a representative from the giving organization accompanies the recipient or participates in the event. So, in this situation if the vendor is playing in the round of golf with the Lockheed Martin employee this would meet the definition of entertainment. Other situations may be approved for an exception.

2.2 I won a door prize (iPad) in a raffle at a trade conference. The gift is being presented from a potential supplier of LM. Can I keep the iPad?

You cannot keep the iPad. The fair market value of the iPad exceeds what we are permitted to accept under our rules. Your Ethics Officer can provide a template of a decline letter to use when you return the gift.

2.3 Several suppliers send gift baskets, cookie trays, pies, plants, wine, etc. to employees as a 'thank you for doing business with us' at holiday time. What are the rules associated with keeping or returning such gifts?

In general, our suppliers and vendors are discouraged from sending gifts to employees. However, if you receive such a gift, consider the following guidance or consult with your Ethics Officer. Some items (like wine or a plant) can and should be returned with an accompanying explanation.

Other items (like a fruit arrangement) are perishable and cannot readily be returned. In those situations, provided that the item does not appear lavish or extravagant, you should put the item out where it can be shared with your entire team or work area (as opposed to keeping it for yourself) and send the supplier a letter politely reminding them that such gifts should not be sent in the future.

Your Ethics Officer can provide you with a template letter for either instance. Keep in mind that there may be situations where a gift should not be accepted, even though it is under the fair market value limits of our policy. For example, if you receive a gift from a supplier regularly, or the timing of the gift could be interpreted as an attempt to influence you, you should not accept it. If you have questions about whether a received gift can/should be returned, please contact the Ethics Office.

3.0 Giving Business Courtesies

3.1 Can I offer a gift card, gift certificate, or cash to a business relation?

No. You are prohibited from offering a gift card or gift certificate, as well as cash or cash equivalents, to a business relation. See [CPS-008](#) Section 5.4.

Gifts to U.S. Legislative Branch Employees

3.2 What is the fair market value that should be used for a Member or staffer to reimburse Lockheed Martin for an event ticket? The fair market value of an event ticket is the face value of the ticket as sold to the public. If a ticket does not have a face value (such as a private skybox ticket):

Senate gift rules require that the value of the ticket must be determined by comparing it to a similar ticket, taking into account all features of the ticket including access to parking, availability of food and refreshments, and access to areas not open to the public. If no similar ticket exists, the event ticket must be valued at the highest cost of a ticket with a face value sold to the public for the event.

House gift rules require that the event ticket be valued at the highest cost of a ticket with a face value sold to the public for the event.

3.3 Our site is hosting our area's U.S. Representative for an official tour. Our site consists of many buildings, and it is common practice for us to move from one building to another via golf carts. Can we shuttle the Representative around the site in our golf carts or is this a violation of CPS-008?

This practice would not violate [CPS-008](#). Transportation via golf carts on our property is allowed.

Gifts to U.S. Executive Branch Employees

3.4 What is Executive Order 13770 and "The Ethics Pledge"?

Executive Order 13770, also known as the "Ethics Pledge," puts limits on acceptance of business courtesies by Presidential Appointees that are more restrictive than the general rules for U.S. Executive Branch employees. These individuals are generally prohibited from accepting items that other Executive Branch employees would normally be able to accept. If your planned business courtesy involves such an individual, review [CPS-008](#)'s section on Business Courtesies to U.S. Executive Branch Employees (Military or Civilian) for specifics. If you still have questions, contact the Ethics Office.

3.5 What is a "widely attended gathering" (WAG) and who can designate an event as one?

The executive branch employee's agency (typically the designated agency ethics official) must make a determination whether an event is a "widely attended gathering," not Lockheed Martin. WAG designations must be requested and made in advance of the event. If you anticipate wanting customer representatives or other executive branch employees to attend an event that you believe may meet the criteria for a WAG, you need to engage with

the Ethics Office or element legal counsel as early as possible in the planning process in order to ensure that proper approvals are obtained. If multiple agencies are involved (e.g., attendees from the United States Air Force and the Federal Aviation Administration), a WAG determination is required from each agency office involved.

The WAG exception does not extend to Political Appointees subject to Executive Order 13770. Note: a non-charity event that is primarily recreational in nature (such as skiing, golfing or attending a sporting event) is not a WAG.

3.6 Can Lockheed Martin "split the difference" for or "buy down" a gift with an executive branch employee to keep the value of a gift under the \$20 limit by having the employee pay any amount over \$20? For example, can an executive branch employee pay \$15 for a basketball game ticket with a face price of \$35 in order to comply with the rule?

No. The executive branch employee must pay for the entire market value of a gift worth more than \$20. Note: the \$20/\$50 gift rule does not extend to Political Appointees subject to Executive Order 13770 (the "Ethics Pledge"); these individuals may not accept any gifts from Lockheed Martin.

3.7 I understand that the U.S. government ethics rules provide a "foreign area exception" to the usual gift rules. Can Lockheed Martin use the "foreign-area exception" to the \$20/\$50 gift rule if the only non-U.S. person present at the meal or event is a Lockheed Martin employee or agent?

No, there must be a non-U.S. person present that has no employee or agency relationship with Lockheed Martin for the foreign-area exception to apply.

Note: the "foreign area exception" does not extend to Political Appointees subject to Executive Order 13770; these individuals may not accept any gifts from Lockheed Martin even when outside the U.S.

3.8 I am setting up a lunch to commemorate our program completing an important milestone. I have invited our DoD customer to attend. The cost of the lunch is \$15 per person. Our customer has also attended similar luncheons this year. I know our customer cannot receive more than \$20 from us on a single occasion and \$50 on yearly basis, so I'm planning on having an "honor basket" or passing around a collection hat for our customers to pay for their lunches if this lunch exceeds those limits. Is this in violation of CPS-008?

Yes, it is a violation. [CPS-008](#) requires that you provide a legitimate way to collect and document full payment, and "Honor baskets" (or similar payment methods) are expressly prohibited as collection methods.

While it is the responsibility of each of your DoD invitees to know the threshold of the limits imposed upon them by the U.S. federal branch's gift rules, Lockheed Martin employees should not knowingly provide any business courtesies outside the limits.

The better course of action is to provide the DoD invitees with the specific cost of the luncheon at the time of the invitation and to request that each invitee provide payment to a designated person before or at the start of the luncheon if the DoD invitee deems it

necessary. Consider using a standard form that the invitees can complete with payment attached.

Note: the \$20/\$50 gift rule does not extend to Political Appointees subject to Executive Order 13770 (the “Ethics Pledge”); these individuals may not accept any gifts from Lockheed Martin.

3.9 Do coffee and doughnuts (as a standalone refreshment, not part of a meal) count toward the \$20/\$50 rule?

No. Coffee and doughnuts are considered “nominal value” items, and are generally not counted towards the \$20/\$50 limits. However, we should be careful to follow the spirit of the government’s gift rules and not purchase very expensive coffee and/or doughnuts to serve to executive branch employees.

Additionally, we do recognize the possibility that elements of the executive branch may have their own individual interpretation of “nominal” and in all instances, their rules would be the overriding factor. (For example, if members of the Marine Corps were directed not to accept anything, including coffee, that rule would take precedence.) It is up to the executive branch member to know their own rules and to be certain they do not violate them. Political Appointees subject to Executive Order 13770 (the “Ethics Pledge”) may accept coffee and doughnuts. Like all executive branch employees, however, they have the right to refuse such an offer.

3.10 My neighbor, who is a member of the military, and I work at the same government facility. We do not work together, but we both commute to the same facility and have similar hours. I've suggested we carpool, sharing the driving responsibilities (I'll drive Monday and Wednesday, she'll drive Tuesday and Thursday, and we'll split Fridays twice a month). Would I violate CPS-008?

Carpooling in this situation is not a violation of [CPS-008](#).

Gifts to Commercial Business Relations

3.11 My business area is hosting a supplier conference. We are planning an activity and want to award prizes to attendees who win a contest. Would purchasing gifts up to \$150 each be appropriate according to CPS-008?

Provided the business courtesy meets the other criteria in [CPS-008](#), generally you are allowed to offer business courtesies with a fair-market value under \$150 to a commercial business relation of Lockheed Martin (unless the International Hospitality Rules for the country provide for a lower amount). However, an item with this dollar value could exceed what the supplier’s own rules allow. Therefore, in this situation, it is recommended that you use Lockheed Martin logo items of nominal value (under \$20).

3.12 If I'm dealing with non-U.S. private business, are there some additional guidelines I should look at?

Refer to CRX-014 Conflict of Interest, CPS-005 International Operations, and [CPS-730 Compliance with the Anti-Corruption Laws](#). Also, each country has limits for gifts and

hospitality, and they vary widely and can change. You should access the International Hospitality Rules for the current commercial limits for the specific country you are dealing with. Note that for non-U.S. business relations, it is important to have information about the company, such as whether it is government-owned or controlled by the government. This can be difficult to determine, and so you should engage with Ethics or element legal counsel to make this determination if you do not have reliable data.

Gifts to Non-U.S. Public Officials

3.13 I know there are dollar limits for meals with non-U.S. public officials. Where can I find these limits?

You can find these limits by accessing the International Hospitality Rules for a given country.

3.14 I work in the U.K. and am arranging an event to celebrate a programme milestone with my Royal Naval customers. They have an exchange programme with the U.S. Navy, and the U.S. Assignee is also on our list of invitees. What are the guidelines?

The International Hospitality Rules govern the limitations for hospitality that Lockheed Martin employees may provide to non-U.S. customers. Note that several of the Hospitality Rules draw a distinction between a government customer and a commercial or private customer, which may impact the hospitality limits.

In this particular instance, U.K. Hospitality Rules applicable to the Royal Naval representatives provide U.S. dollar limitations for meals, transportation, lodging, entertainment, and gifts that ensure compliance with the U.K. Bribery Act. Any questions regarding compliance with these laws should be referred to element legal counsel.

With regard to the U.S. Navy customer, refer to FAQ 3.7 and consult your Ethics Officer for guidance on the rules that apply to U.S. executive branch employees traveling to foreign destinations.

4.0 Sponsorships

4.1 We are considering the possibility of sponsoring a golf tournament in our area. In exchange, the tournament organizer wants to provide free participation to a group of our employees who have been active volunteers for the charity. Can we go ahead with the sponsorship and accept the free participation?

Certain sponsorships that meet all of the criteria may be undertaken without review by element legal counsel. These must meet criteria set out in [CPS-008](#), including (but not limited to), that the sponsorship amount is less than \$25,000.00 USD and no award of any business project is conditioned upon the sponsorship in any way. (Refer to [CPS-008](#) Section 8 for additional requirements.) As to whether we can accept free participation for our employees, it would depend on whether this is part of the sponsorship package (that is, being offered to other participants on the same basis). Consult with the Ethics Office or element legal counsel for guidance.

4.2 Our program works closely with organizations outside the U.S. We have been asked to sponsor an event abroad. What information do we need to gather to evaluate the opportunity?

In most respects, a non-U.S sponsorship is subject to the same rules as one within the U.S. You must determine whether a sponsored organization is owned, controlled by, or associated with a government, government organization, or Public Official. In addition:

Sponsorships cannot be requested by, or at the behest of, a government office or Public Official.

No business project can be conditioned on the sponsorship.

The sponsorship payment must be made to an organization and not to any individual, and the organization must sign and return a form required by policy.

Our policy contains additional requirements; consult [CPS-008](#) Section 8 for the full list.

4.3 My business area is going to give \$10,000 to sponsor an event. We learned that two other parts of Lockheed Martin each want to each give \$10,000 to sponsor the same event. Do we need to request an exception because of the cumulative value (\$30,000)? Or, since we are each under the limit we do not need an exception?

If Lockheed Martin to going to be recognized by the sponsorship recipient for sponsoring at the \$30,000 level, then a request for an exception request must be submitted via the [CPS-008 sponsorship and gift exception request form](#) for the entire sponsorship amount. If each Lockheed Martin entity is going to pay the sponsorship recipient independently, and Lockheed Martin will be recognized three times for the \$10,000 sponsorship level then no exception request is required. As a general rule, the former example is preferable as it increases our purchasing and reputational power.

4.4 We sponsored an organization's spring event for \$20,000. Now we would like to sponsor the same organization for their fall event at \$15,000. Is the \$25,000 sponsorship limit a cumulative amount or considered for each separate sponsorship?

The [CPS-008](#) Section 8 sponsorship requirements are intended to apply to a single sponsorship opportunity. The only cumulative factor to consider is if multiple parts of Lockheed Martin are contributing to the same sponsorship opportunity. Otherwise, there is no requirement to stay below \$25,000 in sponsorships to a single organization within a given calendar year. Each sponsorship opportunity must meet the other requirements in [CPS-008](#) Section 8 before the sponsorship can be fulfilled.