

ESTABLISHING WAYS TO CONTACT ETHICS AND ADDRESSING ISSUES RAISED

PART OF ETHICS SUPPLIER MENTORING PROGRAM WEBINAR SERIES



PRESENTERS



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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.

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

WEBINAR AGENDA



RECAP OF LAST WEBINAR

RECAP OF LAST WEBINAR

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

INQUIRY & REPORTING MECHANISMS

INQUIRY & REPORTING MECHANISMS – WHAT?



ANONYMOUS INQUIRY & REPORTING MECHANISMS – WHY?



**Legal
Requirement**



Best Practice



**Risk Mitigation
Technique**

INQUIRY & REPORTING MECHANISMS – POLLING QUESTION

How can people report misconduct to your company?

- a. Dedicated telephone number
- b. Dedicated email address
- c. Online form or system
- d. Suggestion box (or mailbox)
- e. By speaking directly with management

INQUIRY & REPORTING MECHANISMS – POLLING RESULT

ANONYMOUS INQUIRY & REPORTING MECHANISMS- HOW?

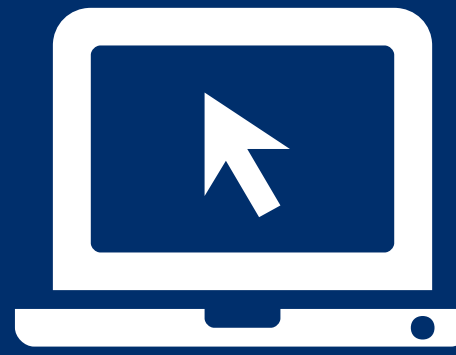
STEP ONE



**Phone
number**



**Email
address**



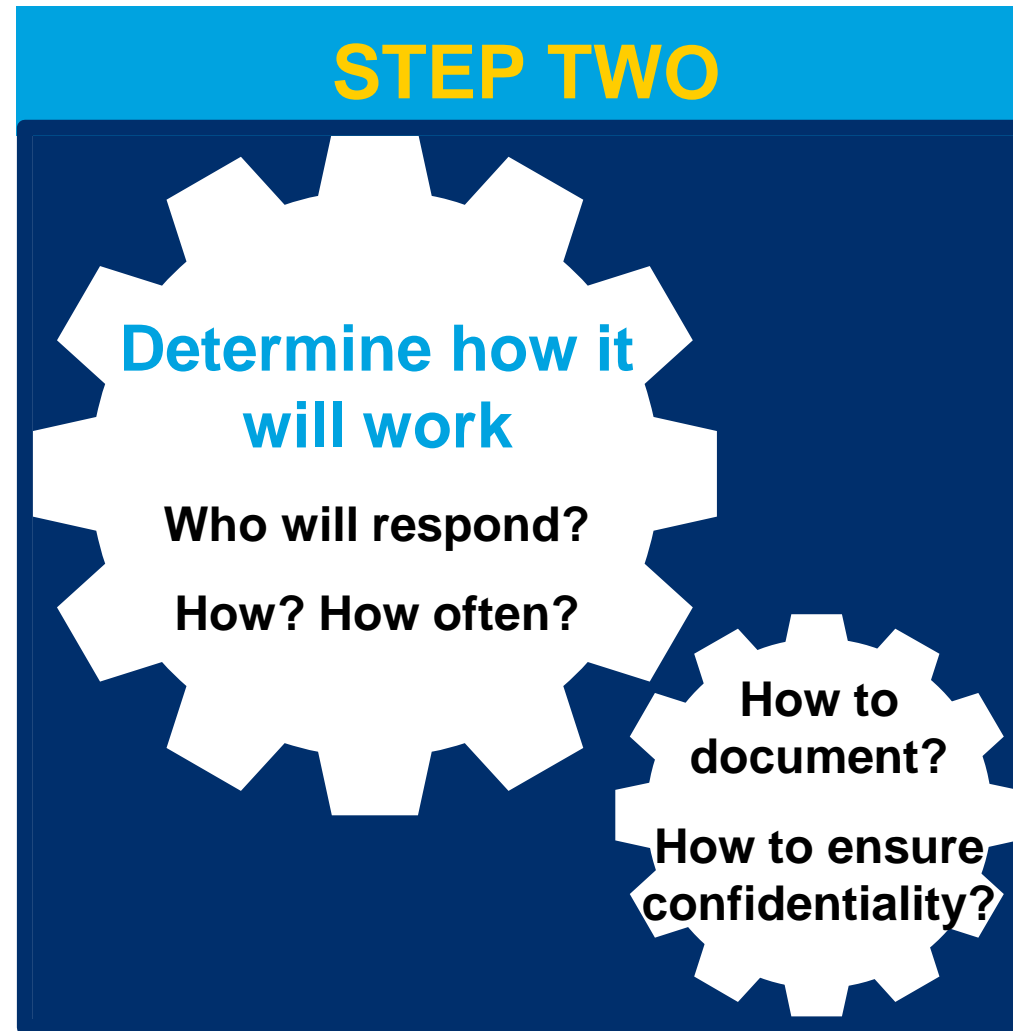
**Online
form**



**Suggestion
box**

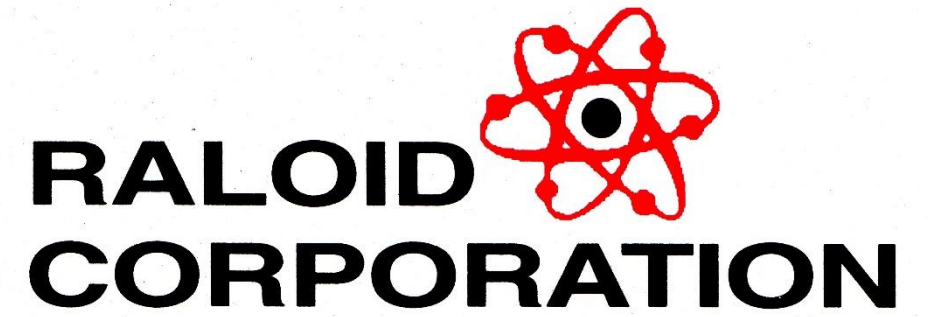
Set up anonymous reporting mechanism

ANONYMOUS INQUIRY & REPORTING MECHANISMS – HOW?



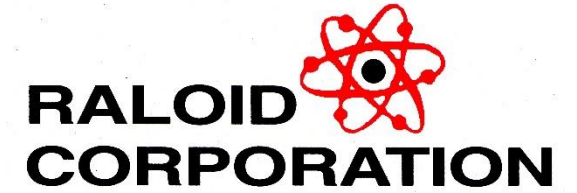
ANONYMOUS INQUIRY & REPORTING MECHANISMS – HOW?





SMALL BUSINESS PERSPECTIVE

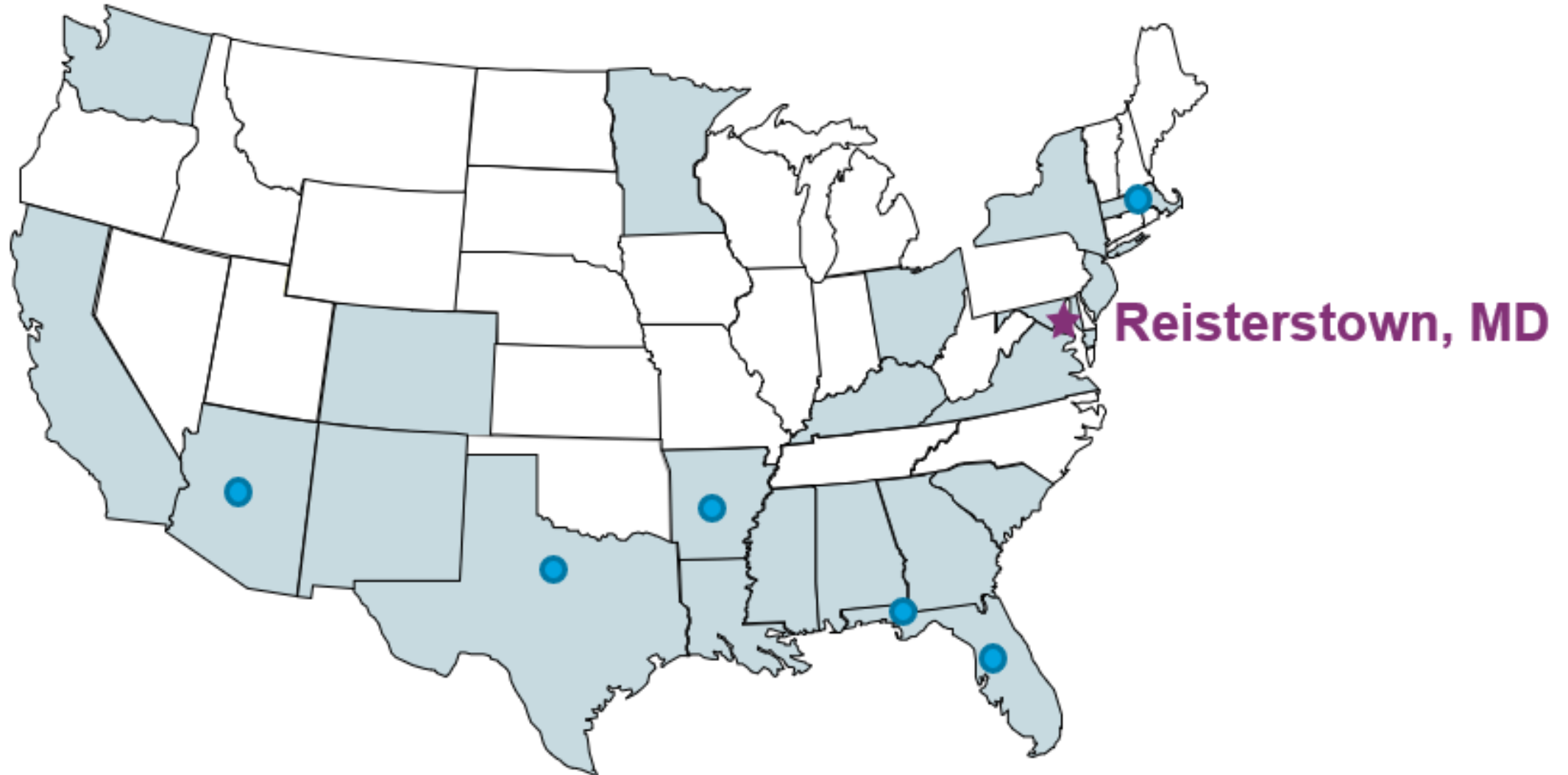
About Us



- ✓ **Founded in 1964**
- ✓ **Small Veteran Owned (pursuing “service-disabled”)**
- ✓ **70 employees**
- ✓ **93,000 square feet**
- ✓ **New Ownership Jan. 2017**
- ✓ **AS9100D Certification**
- ✓ **ISO Cert # 110004.0101**



Where We Do Business



Vision



- ***Raloid Corporation is committed to customer satisfaction by delivering quality products on time and in compliance with customer, regulatory and statutory requirements.***
- ***We will strive for continual improvement by establishing and meeting quality objectives.***

Capabilities



Supporting the Troops

Major Customers

- ▶ Lockheed Martin
- ▶ Raytheon
- ▶ DRS
- ▶ Ensign Bickford
- ▶ General Dynamics
- ▶ Kratos Defense
- ▶ ATK
- ▶ Northrop Grumman



Programs

- ▶ PAC 3
- ▶ Hellfire (Romeo)
- ▶ F-35
- ▶ Chaparral
- ▶ Standard Missile
- ▶ Patriot
- ▶ TOW
- ▶ Javelin
- ▶ Apache

Participation in Ethics Supplier Mentoring Program

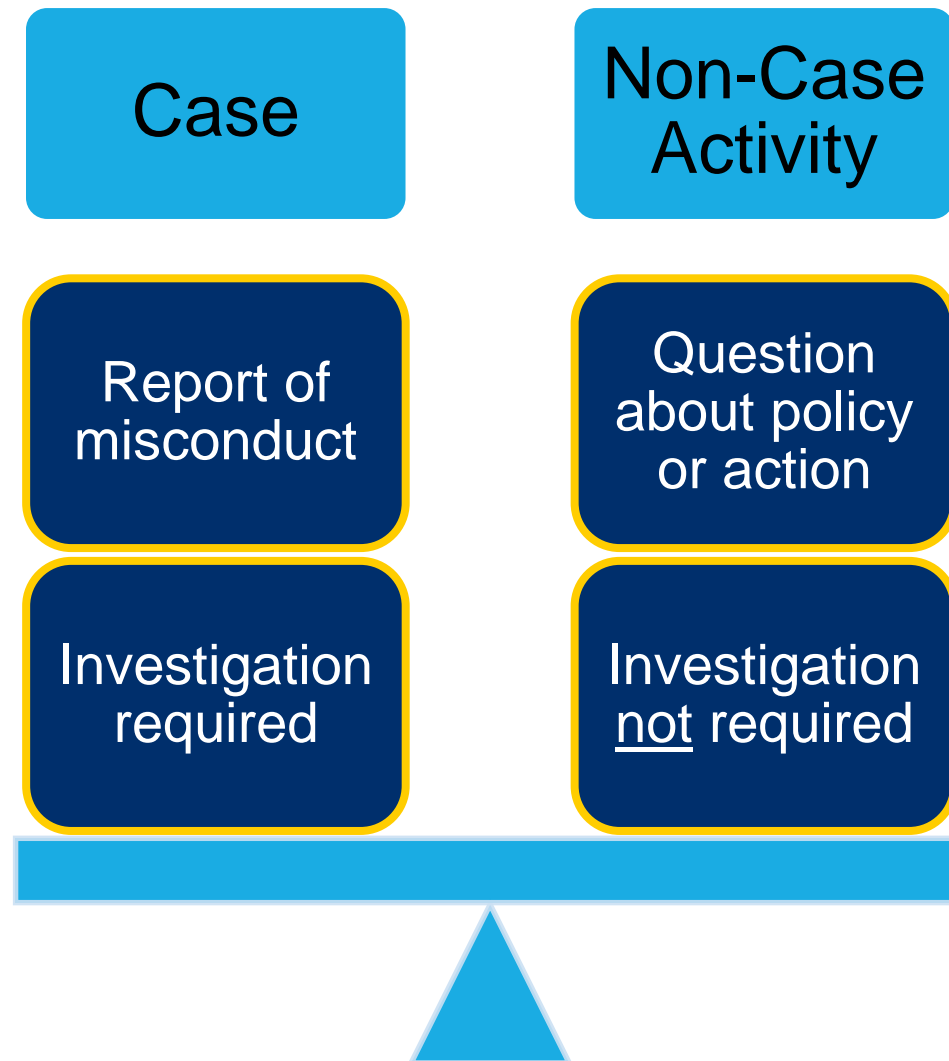


- **Primary Objective:** Examine and make improvements to existing practices and formalize them into a Ethics Program, which will be shared with employees, thereby increasing their awareness of ethical conduct, standards and reporting at Raloid.
- **Implemented Changes**
 - Incorporated ethics program into existing policies
 - Created a policy statement on ethics
 - Created contacts list for reporting concerns/misconduct
 - Created an anonymous reporting method
 - Ethics messaging on flat screen TVs in shop



INVESTIGATIONS, DISCLOSURES, DISCIPLINE & INCENTIVES

INVESTIGATIONS – WHAT?



INVESTIGATIONS – WHY?

Initial Report

Investigation

Conclusion

Corrective Action

Disclosures

INVESTIGATIONS – HOW?

STEP ONE

Conduct intake

Who? Subject(s)

What? Allegation(s)

When?

Where?

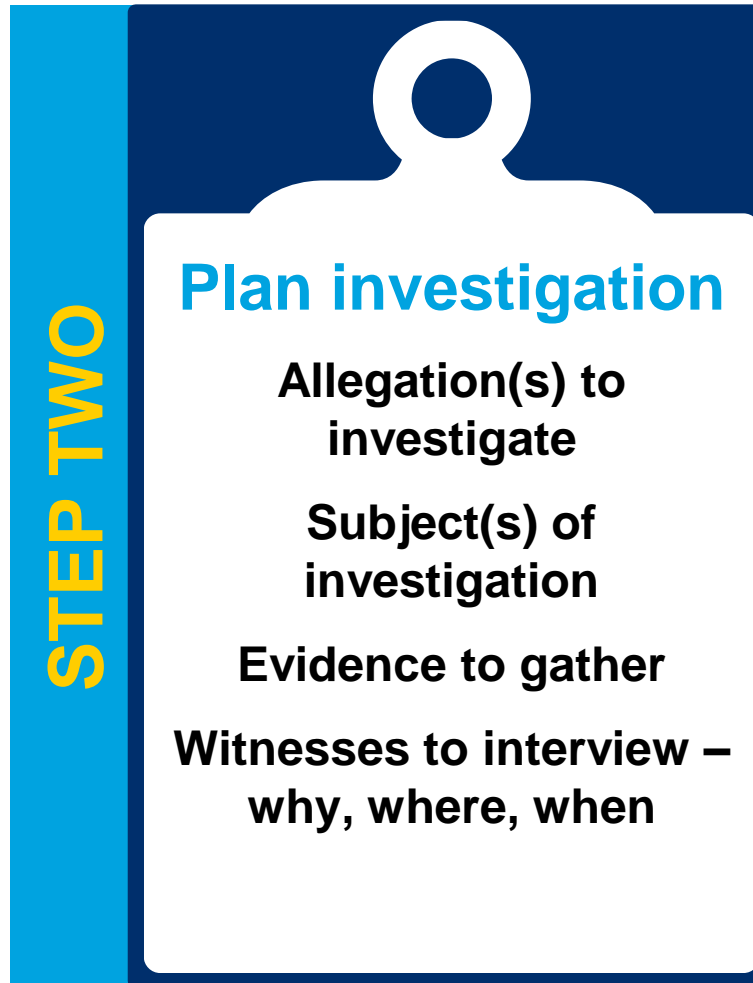
Why?

How?

Who else? Witnesses



INVESTIGATIONS – HOW?

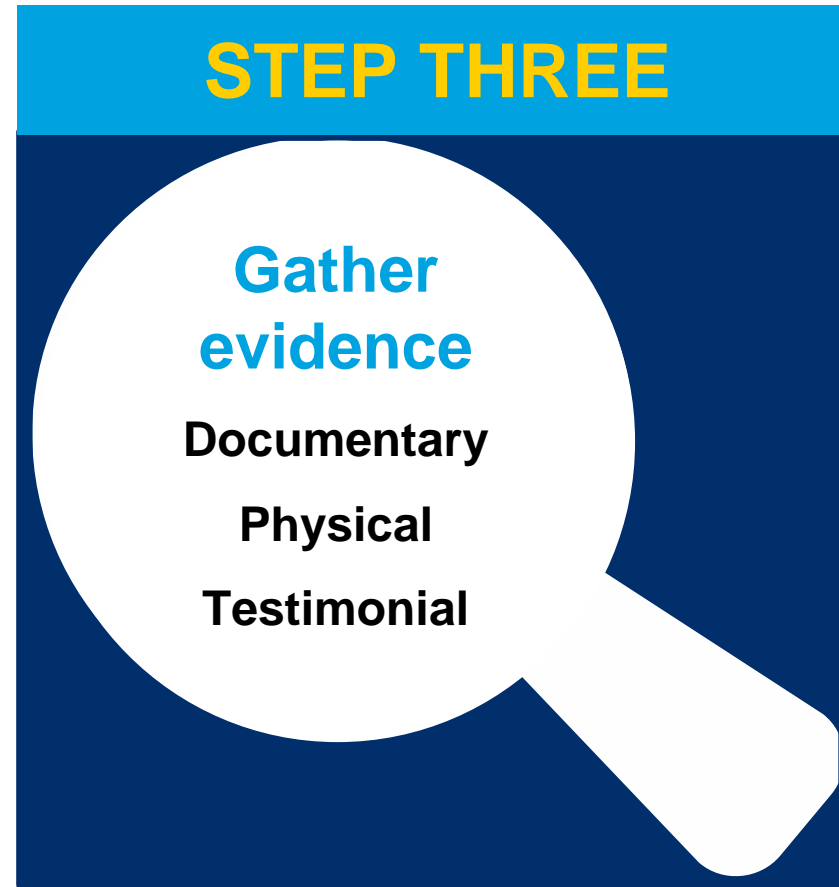


STEP TWO

Plan investigation

- Allegation(s) to investigate**
- Subject(s) of investigation**
- Evidence to gather**
- Witnesses to interview – why, where, when**

INVESTIGATIONS – HOW?



INVESTIGATIONS – HOW?

STEP FOUR

Interview Subject

Perspective on situation

Possible reasons for actions

Focus on facts, not feelings



INVESTIGATIONS – HOW?



INVESTIGATIONS – HOW?



INVESTIGATIONS – HOW?

DISCIPLINE & INCENTIVES

STEP SEVEN



Determine discipline

From counseling
by manager

To termination of
employment

Fair, equitable,
consistent

INVESTIGATIONS – HOW?

DISCLOSURES

STEP NINE

Disclose misconduct

Violations of U.S. federal criminal law to Inspector General

Misconduct or mistakes that would affect price, schedule or quality of products or services to customer

KEY TAKEAWAYS

**Inquiry and reporting mechanisms
essential for effective ethics program**

**Fair, thorough investigations determine
whether alleged misconduct occurred**

**Corrective action or disclosures may be
necessary if misconduct is substantiated**

**Discipline and incentives together can
deter misconduct, encourage reporting**

SELF-SERVE RESOURCES

www.lockheedmartin.com
> Suppliers > Ethics

Supplier Self-Assessment Tool

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 Do What's Right, Respect Others, Perform 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 a full-time staff.
Risk Assessment	How often does your company conduct an assessment of its ethics and compliance risk?		The risk areas identified by Lockheed Martin are addressed in our Code of Ethics and Business Conduct, Setting the Standard, and the Business Conduct Compliance Training (BCCT) course.
Policies & Procedures	Do your company's policies and procedures address the topics identified by your risk assessment?		All Lockheed Martin suppliers and subcontractors are considered proprietary information. Do not publish documents related to our Anti-Corruption Program or our external code.
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 other 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 great citizenship to our core values, we set the standard. All Lockheed Martin employees, consultants and members of the Board of Directors must certify that they have read, understood 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 Voluntary 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 variety of methods to communicate with employees and external audiences. For example, we produce a series of short, stakeholder 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 introduce our annual Ethics Awareness Training module, as well as our Code of Ethics and Business Conduct. We also frequently select ethics as internal and external presentation topics.
Reporting Mechanisms	Does your company have ways for employees and external stakeholders to ask questions or report potential misconduct without fear of retribution?		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 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 disclosures?		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.

Infographic Guides

LOCKHEED MARTIN

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/ea/documents/ethics/supplier-code.pdf

Ethics & Compliance Initiative (ECI):
ethics.org/resources/free-toolkit

ELEMENTS OF AN EFFECTIVE ETHICS PROGRAM

CODE OF 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.

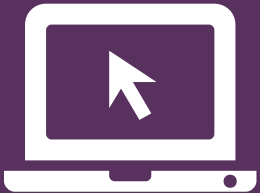
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This resource is offered as part of the Lockheed Martin Ethics Supplier Mentoring Program
www.lockheedmartin.com/en-us/suppliers/ethics.html
ethics.suppliers@lmco.com

...AND MORE!

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

THANK YOU!



[https://lockheedmartin.com/
en-us/suppliers/ethics.html](https://lockheedmartin.com/en-us/suppliers/ethics.html)



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