

## **CRX-014, INDIVIDUAL CONFLICT OF INTEREST: FREQUENTLY ASKED QUESTIONS AND ILLUSTRATIONS**

### **Q. What is CRX-014, Individual Conflict of Interest, designed to prevent?**

The cross function procedure advises employees to avoid any activity, investment, or interest that might reflect unfavorably on Lockheed Martin. Employees should not engage in any activity that is prejudicial or detrimental to Lockheed Martin's reputation, business, or legal interest or that deprives Lockheed Martin of a legitimate benefit, nor should employees use their positions improperly in order to benefit Lockheed Martin, themselves, relatives, friends, or other business entities.

### **Q. What are the guiding principles behind CRX-014?**

CRX-014 is based on the principles of fairness and reasonableness. The intent of this procedure is not to prohibit personal investments or activities, or to restrain personal conduct unless it is harmful to the Corporation, customers, or suppliers' interests. In most cases, questions regarding ethical conduct may be resolved by making full disclosure of the facts and obtaining management approval.

### **Q. What is the most important point to remember about complying with CRX-014?**

Disclosure is the keystone. Many questions relating to conflict of interest may be avoided by timely and adequate disclosure of the facts to an appropriate member of Lockheed Martin management. This is normally one's supervisor or manager, but it could include your Legal Department or your Ethics Office, if necessary. Disclosure enables Lockheed Martin management to determine whether to consent to an activity regardless of the appearance of a conflict. It can only do so, however, if all the facts are known and no unethical or improper conduct is involved.

### **Q. Why is disclosure of personal details required in CRX-014?**

Lockheed Martin does not wish to infringe on employees' personal lives or business affairs when there is no conflict with legitimate personal interests. However, employees assume certain obligations by virtue of their employment. Consistent with the commitment to maintain the highest possible reputation, Lockheed Martin expects all employees to advise management immediately, or in advance if possible, of any situation that could result in a conflict of interest or otherwise violate Lockheed Martin's policies or procedures.

A seemingly harmless investment or activity entered into without unethical intent may easily raise suspicion in the mind of a third party. This is especially true when the third party is unfamiliar with all the facts. Often, such suspicion may result in injury to Lockheed Martin and

its reputation. Information that employees disclose about outside activities helps Lockheed Martin meet its obligation to act in a lawful and ethical manner and enables the Corporation to respond to the legitimate questions of its stockholders and others about the conduct of its business affairs.

**Q. What should one do if his or her employment responsibilities would lead him or her to conduct business on behalf of Lockheed Martin with a “family member” who works for a customer or supplier?**

An employee’s business decisions should be based exclusively on Lockheed Martin’s best interests. If an employee’s duties include contact with an organization that employs a relative or other person with whom a significant personal relationship exists, he or she should take appropriate precautions to avoid a potential conflict of interest or even the appearance of preferential treatment. Lockheed Martin should not receive any undue advantage nor be prejudiced because of the personal relationship. When presented with such situations, an employee should consult with management and, if necessary, disqualify himself or herself from acting on behalf of Lockheed Martin. Disclosure of all the facts is essential where there is an actual or potential conflict.

**Q. How does [CRX-014](#) apply to employees’ personal financial interests?**

Employees should either disclose or avoid financial interests with Lockheed Martin’s customers, suppliers, or competitors (organizations that offer similar products or services). Employees should be mindful of the following thresholds for disclosure of material ownership interests:

- exceeds one percent (1%) of such company’s publicly held securities;
- exceeds one percent (1%) of such company’s stock, or \$10,000, if it is not publicly held; or
- represents more than five percent (5%) of the employee’s net worth.

Ownership interests below these thresholds in a company whose transactions with Lockheed Martin are known to constitute a material portion of such company’s financial results or operations must likewise be disclosed. If a family member, as defined in CRX-014, has or acquires a material interest in a competitor, customer, or supplier, the Lockheed Martin employee must report it to his or her manager.

**Q. Does this procedure cover other types of financial arrangements, such as personal loans?**

Personal loans from banks and insurance and finance companies in the regular course of business are not within the scope of this procedure. If an employee deals with banks, finance companies, or other financial institutions in the course of his or her Lockheed Martin employment, the employee may not use his or her position to obtain loans from such organizations on terms that are not available to the public.

**Q. Does [CRX-014](#) cover a personal conflict of interest within the Corporation?**

Employees should not limit their consideration of questions of potential conflict of interest to whether the organization is a customer, competitor, or supplier of their business unit or function alone. Employees also should consider the question in relation to other business units, programs, functional departments, reporting relationships, and activities of the Corporation.

Section 4.16 of CRX-014 has two disclosure requirements. First, an employee must disclose if he or she has a reporting relationship with a family member or with someone with whom he or she has a romantic relationship. This includes situations where the employee is in a position to approve personnel actions or work assignments for or to approve expenditures by the other employee. Second, an employee serving in a director-level position or above must disclose if she or he has a family or romantic relationship with any employee who works in the same element or functional department – whether or not there is any direct or indirect reporting relationship.

**Q. Are ownership interests held in savings plans, mutual funds, or similar financial interests subject to this procedure?**

No. Investments in savings plans, mutual funds, trusts, or similar investment vehicles do not fall within the scope of this procedure. However, employees should avoid personal financial interests and investments that would influence the objectivity and independence of their judgment or conduct in carrying out their duties and responsibilities to the Corporation.

**Q. What should one do if he or she is raising funds for a charitable organization on his or her own time outside of the workplace?**

If an employee solicits donations on behalf of a charitable or other outside organization, the employee should not use Lockheed Martin time, resources, or Lockheed Martin letterhead. It is the employee's responsibility to avoid creating any impression of pressure to support the charity by the Corporation or by Lockheed Martin management. Donations made by an employee are to be purely voluntary – meaning that no benefit should accrue to Lockheed Martin because of the donation. From time to time, the Corporation may decide to provide support for a charitable organization or endeavor and may allow employees to use company time and resources, including letterhead.

However, whether the charitable campaign effort is officially sponsored by Lockheed Martin or not, no pressure or coercion of any sort must be put on employees to participate in the charity or to contribute to it.

**Q. Does this procedure apply to employees who hold state or local government office or act in some official capacity for a public entity?**

Yes. CRX-014 prohibits employees having a personal conflict with the interests of Lockheed Martin. However, there may be additional legal prohibitions that apply to certain governmental service. (See CRX-014A, Conflict of Interest – Government Employment.) Employees who are considering serving as government officials or on government commissions or advisory groups should be familiar with applicable conflict of interest laws and regulations. In some instances, these laws and regulations may prohibit Lockheed Martin from dealing with the governmental body on which the employee serves, whether at the federal, state, or local level. Information on these types of conflict of interest laws or regulations should be obtained from the government organization or its legal counsel. However, the employee should first consult with his or her Legal Department.

**Q. Does [CRX-014](#) prohibit an employee from considering an outside business venture or employment in order to supplement his or her income?**

A full-time, salaried employee is expected to devote his or her full time and attention to Lockheed Martin work during regular business hours and for whatever additional time may be required. Outside employment can easily create a conflict of interest or diminish productivity and effectiveness. For these reasons, employees must avoid outside business activities that unreasonably divert their time and talents from Lockheed Martin business. In any event, employees are prohibited from using Lockheed Martin time or resources in connection with outside business ventures or employment.

Employees should disclose to management if they intend to become an officer or director of any entity. In addition, employees should not accept agent, consultant, or employment relationships with another entity without first making a disclosure to their management.

Lockheed Martin encourages professional activities and community involvement, but if employees receive compensation for their efforts, special care must be taken so that employees do not compromise their duties to Lockheed Martin.

## **EXAMPLES**

As an aid to understanding how the procedure works, several hypothetical situations and explanations are provided below. Questions about the procedure's application to potential situations should be addressed with your management according to CRX-014.

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*Donna, a plant manager, is unhappy with the vending machine service the plant is receiving for the machines in its lunchroom. Complaints seem to be getting angrier and more frequent, and Donna fears that it may affect employee morale. She knows what constitutes good service because her spouse owns a vending company with more than two hundred accounts in their area. Donna tells her vice president that she is going to change suppliers for vending services and that she would like her husband's firm to have a chance to bid on the contract. The vice president*

*agreed with Donna, as he independently came to the same conclusion. Donna says that she will have the head of purchasing make up the bidder list and negotiate the contract subject to the vice president's final approval. Donna informs the head of purchasing of her husband's vending company and its good reputation in the community. Donna's spouse wins the contract. Has Donna avoided a conflict of interests? If yes, how?*

Donna did five things that overcame her potential conflict of interest with Lockheed Martin in the choice of a vending services supplier.

First, Donna disclosed the fact that her spouse owns the company she mentioned to the purchasing manager for inclusion on the bidder list.

Second, she suggested that her husband's firm be included as a bidder because she knew that his firm had the best reputation of any firm in their market. If she had not mentioned his firm, she would have put the plant at a disadvantage merely because she happens to be related to the owner of the best supplier in town. Employees cannot always protect Lockheed Martin's interest simply by refusing to do business with individuals with whom employees have financial, family, or other significant relationships.

Third, Donna did not choose the firms to compete with her spouse for the contract, and she did not negotiate the contract. Disclosure would not be sufficient to ensure that Donna would vigorously pursue Lockheed Martin's advantage in the transaction. Someone else must manage the purchasing process to assure impartiality.

Fourth, Donna did not leave the final decision to a subordinate who may perceive that he is compromising relationships with his management if he rejects a supervisor's spouse. In appropriate fashion, Donna's superior made the final decision.

Fifth, Donna did nothing either to influence the decision or aid the firm's attempt to win the bid.

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*Ellen, a Lockheed Martin information systems manager, is an active investor. Her financial advisor calls to inform her of the opportunity to purchase a partnership interest in a start-up company. The partnership interests are being privately sold for \$15,000 each. Ellen knows the founders of the company and considers them some of the most gifted and creative engineers around. She thinks their plans to design breakthrough software for production inventory control have a good chance for success. Although the price of the partnerships equals almost five percent (5%) of the value of her investment portfolio, she believes the investment is more than worth the risk. Ellen makes the investment and then reports it to Lockheed Martin. Is Ellen's investment a potential conflict of interest?*

To avoid conflicts, an employee should not have any “material” interest in companies that are suppliers, customers, or competitors of Lockheed Martin. An interest in a company will be considered material if it meets any of three criteria: (1) it exceeds one percent (1%) of such company’s publicly held securities; or (2) it exceeds one percent (1%) of such company’s stock, or \$10,000, if it is not publicly held; or (3) it represents more than five percent (5%) of the employee’s net worth.

Any interest at all in a company that is not publicly traded will be considered material if the company is a supplier, customer, or competitor of Lockheed Martin. If an employee has any material interests in companies that are suppliers, customers, or competitors of Lockheed Martin, he or she must disclose those interests. The employee also must disclose any ownership interest below these thresholds in a company whose transactions with Lockheed Martin are known to constitute a material portion of such company's total volume. Ellen did not have to disclose her investment to Lockheed Martin because the partnership is not a publicly traded company, is not a supplier, customer, or competitor of Lockheed Martin’s, and, therefore, does not present an actual or potential conflict of interest.

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*Mark is an engineer at a Lockheed Martin facility in a small community. Lockheed Martin is among the largest employers in the area. Mark does a lot of volunteer work and is on the local hospital planning committee. In reviewing the future plans for the hospital, the committee has initiated a fund-raising drive to upgrade the hospital’s emergency room services. The committee has asked Mark and Mark has agreed to solicit local business and community leaders for contributions to the fund drive. He has sent out letters soliciting donations to local business leaders using the Lockheed Martin letterhead. Did Mark use Lockheed Martin’s letterhead in a proper manner?*

Mark’s letters are inappropriate for three reasons.

First, Mark is not authorized to use Lockheed Martin time or resources for personal activities.

Second, it is improper to use Lockheed Martin letterhead for any purpose other than authorized Lockheed Martin business.

Third, Mark’s letter inappropriately creates the appearance that Lockheed Martin officially supports and is “pressuring” other businesses or business leaders, many of whom may do substantial business with Lockheed Martin, to contribute to the hospital fund drive.



*The lead partner from Lockheed Martin's independent auditor responsible for the Lockheed Martin account has been rotated to the auditor's Atlanta office. Jay is a finance director of a Lockheed Martin business unit in Georgia and has responsibility for collection and review of financial data that the Corporation uses in its periodic filings with the Securities and Exchange Commission. Jay's wife, Gail, works in the independent auditor's Atlanta office. However, Gail does not have any supervisory responsibilities, nor does she perform any services for Lockheed Martin. Does Jay need to report his wife's new office location?*

Yes. Due to auditor independence regulations promulgated in response to the Sarbanes-Oxley Act of 2002, the fact that an employee's wife, as a partner of the audit firm, merely works in the same office as the lead partner assigned to the Corporation's account creates a potential conflict of interest and may jeopardize the independent auditor's independence. In the area of auditor independence, it is important that employees who perform accounting responsibilities or have financial oversight responsibilities disclose any connection (including employment or financial interests) with Lockheed Martin's independent auditor. The sanctions for violating auditor independence regulations may be severe, so it is important that employees monitor and disclose their familial and financial connections to Lockheed Martin's independent auditor, Ernst & Young LLC.

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*Stan, a Lockheed Martin assistant plant manager, is a member of the Business & Economic Development Commission in Florida. Pat, the president of a Lockheed Martin business unit, is applying to the Commission for tax incentives to bring a new Lockheed Martin facility to Florida. Without the incentives, Pat will be forced to look at other alternatives, which may have a significant impact on whether Lockheed Martin decides to relocate the facility to Florida. Stan announces his conflict of interest at the outset of the hearing, does not participate in the discussion of the issues, and does not vote when the Commission makes its decision. Did Stan avoid even an appearance of a conflict of interest?*

Stan cannot escape the conflict between Lockheed Martin's interest in obtaining the tax incentives and Stan's duty to the public to conduct himself impartially with regard to the Commission's business. Although in many instances disclosure allows all the parties involved to compensate for a conflict of interest and guarantees objective decisions, in this situation even disclosure does not overcome the conflict. It would make no difference if Stan voted for the incentives or against them; there would always be a legitimate question about whether Stan was objective and fair. In situations like this, the only acceptable action is the one Stan took: to remove himself from all aspects of the decision-making process.

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*Cristina has an advanced degree in a field of technology that has been in great demand since 9/11. Cristina wants to remain employed by Lockheed Martin. However, she also would like to take advantage of the active competition for people with such scarce skills. To that end, she has*

*been asked by XYZ Corp. to consult with them on an hourly basis on proposals that they prepare for the federal government. XYZ seldom competes directly with Lockheed Martin, but it is possible that XYZ may do so on a given procurement. Does she need to report a potential conflict?*

Yes. The potential for competition with Lockheed Martin and/or for benefiting a competitor, the chance of usurping a potential Lockheed Martin business opportunity, and the risk of creating confusion with regard to ownership of intellectual property make it likely that a conflict exists with regard to the activity Cristina proposes.

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*While working for a prior Lockheed Martin “heritage company,” you purchased stock regularly through an employee stock ownership program. Lockheed Martin spun off the heritage company (Company X) some time ago, and eventually it went public with a market capitalization of \$1.5 billion. You retained the stock and continued to purchase Company X’s stock from time to time. As a result, you own approximately 500 shares of Company X valued at \$50 per share. Company X both competes against and teams with Lockheed Martin. You work as a hardware design engineer for Lockheed Martin. Must you report this as a conflict of interest?*

No. Company X is a large, publicly traded company with a market capitalization of \$1.5 billion, while your shares, as of today, are worth roughly \$25,000. From a conflict of interest perspective, the concern is that no employee be placed into a position of divided loyalty by virtue of his or her financial relationship (ownership interest) in a third party. Applying those objectives to your circumstances, your job for Lockheed Martin does not divide your loyalty and create a conflict of interest because you do not approve business decisions that would benefit Company X, and your total ownership interest in Company X does not rise above the material threshold.

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*Several years before Jodi joined Lockheed Martin, she and her brothers created a closely held family corporation to open a pizza parlor. Since that time, the business has expanded to four pizza parlors and two franchised sandwich shops. As a one-third owner, Jodi participates actively on the board of directors, also serving as the CFO of the corporation. Must Jodi report this? Does she need to divest ownership of this company? Does she need to resign from the board and/or CFO position?*

Two factors require analysis in determining whether or not a potential conflict exists: (1) could Jodi’s outside financial interest lead to a divided loyalty, or the appearance of divided loyalty; and (2) does Jodi’s participation in the family corporation take enough of her time that it should be analyzed in terms of concurrent outside employment or “moonlighting?” Based on the description, the nature of Jodi’s family corporation does not indicate that there is a conflict between its business and financial success and that of Lockheed Martin’s. Accordingly, no report is required for that purpose.



With regard to the employee's personal time commitment to the family corporation, if Jodi spends significant time in the management of the corporation, she should disclose that activity pursuant to section 5.0 of [CRX-014](#). While Lockheed Martin does not wish to prevent its employees from engaging in personal ventures outside of Lockheed Martin, the devotion of significant time to an outside venture may adversely impact an employee's dedication to his or her primary job at Lockheed Martin. For example, sometimes an employee may work so many hours on an outside job that he or she is tired during the day and unable to give his or her best efforts to Lockheed Martin. Alternatively, the outside job may lead the employee to refuse to work on certain tasks because the outside job's commitments would interfere with the employee's ability to work the required hours for Lockheed Martin. In those cases, Lockheed Martin may view the outside commitment as a conflict. This is true, as in this case, even when there is no potential concern related to her use of company assets or the confusion regarding ownership of intellectual property that outside employment may sometimes create.

With the above considerations in mind, it is unlikely that Lockheed Martin will conclude that Jodi's work with the family corporation creates a time commitment conflict. However, it is best to report it through the conflict of interest process to be certain.

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*Marian has an opportunity to invest in a start-up venture. Several friends, two of whom used to work for Lockheed Martin, envision a small, disadvantaged business that would design and fabricate machine parts that may be purchased by Lockheed Martin and other local aerospace companies. Marian's involvement would be solely as a passive investor. In return for about one-third of the start-up costs, Marian will obtain one-third ownership interest in the company. Marian will not participate in the management of the company or serve on its board of directors. Does Marian need to report this? By the way, Marian is a procurement specialist for Lockheed Martin.*

The nature of Marian's job duties in the scenario is very important. If this new company plans to seek business with Lockheed Martin, Marian must ensure that there is no actual or perceived conflict of interest based on her anticipated role with Lockheed Martin and the external company. For example, a conflict may arise because of Marian's ability to recommend or select for purchase the products produced by the company in which Marian has invested. Does Marian have access to proprietary information – technical or program-related – of Lockheed Martin in the same field of endeavor as the proposed new company? Alternatively, because of Marian's role in the design or development of a Lockheed Martin solution, could there be an appearance of a conflict? Based on these facts, Marian should report the potential conflict before deciding to invest in the company.

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*In Tyra's prior job, she created ABC Company's strategy for developing a presence in an emerging market. She personally researched and paid outside consultants to research that*

*market opportunity. She signed a non-compete agreement that said if she left the company, she would not aid a competitor in the same industry for a minimum of six months. When Tyra joined Lockheed Martin six months ago, her job was (quite deliberately) in a completely different market area. Due to business reversals and reorganizations, her current job is being phased out. The good news is that another business area is actively recruiting her to direct Lockheed Martin's efforts to enter into the same emerging market in which she has so much experience. Management is very excited about all the insight into the marketplace that Tyra can bring, because that will "jump start" Lockheed Martin's entry efforts. Does Tyra need to report a conflict?*

Yes. Whenever there is an actual or potential conflict – whether it is based on an agreement she signed, the nature of prior job assignments, access to another's proprietary information, etc. – Tyra should report the potential conflict. After analyzing the facts of her previous job and the proposed Lockheed Martin job, it may be determined there is no conflict whatsoever. Alternatively, it may be concluded that Tyra would not be able to perform such duties for Lockheed Martin without referring to intellectual property created for and owned by her prior employer. Yet, another possibility is that Tyra and Lockheed Martin would conclude she can perform the new job without creating an actual conflict, but that there is a significant chance the prior employer could believe she might act unethically or in an illegal manner in the new position. By examining the facts of Tyra's situation and identifying such exposures, Lockheed Martin is able to address the exposure and ensure that the company's behavior meets legal and ethical standards.

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*You have made a job offer to an experienced professional who works for a competitor. He has already given the other company three weeks' notice of his departure. He has just e-mailed you a large file containing information related to multiple upcoming procurements. His e-mail says he has a lot more information that he can provide. The information looks like it could be very useful for our competitive analysis team. You looked but did not see any proprietary markings on the materials he sent. Because the material is unmarked, can you assume it presents no conflict to receive this information from the new hire? Do you need to report a conflict?*

You should report a potential conflict. It is Lockheed Martin's policy to protect its own intellectual property and respect the intellectual property of others. It is important for you to make certain that the information provided by the new hire has been provided properly before you access it, make use of it, or proliferate it within the company.

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*Dawn's husband is a civilian employee of the Air Force. He is not working on any projects that Lockheed Martin is performing or pursuing. Does Dawn need to report this as a conflict, considering the Air Force is Lockheed Martin's largest customer?*

No. The mere fact that a customer of Lockheed Martin employs Dawn's husband does not create a conflict. However, if her husband's job places him in a position in which his official duties relate to or may influence the financial interests of Lockheed Martin, disclosure is required. Remember that Lockheed Martin's objective is to avoid an actual or potential conflict of interest. Accordingly, Dawn should remain aware of the fact that future changes in either her job duties or her husband's may create a conflict that must be reported. In addition, of course, her husband should not reveal any non-public government or other third-party information to Dawn, nor should she reveal any Lockheed Martin proprietary information to him.

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*Larry's brother is a senior procurement official with the U.S. Postal Service. Larry has been told that his next assignment will be to support Lockheed Martin's proposal in response to an RFP, which the Postal Service has just issued. Should Larry report a potential conflict?*

Yes. The facts of Larry's assignment for Lockheed Martin and his close family member's respective work assignment should be reported. It is important for Lockheed Martin to avoid not only an actual conflict of interest, but also the appearance of impropriety. Details regarding Larry's assignment and his brother's employment will be needed in order to make an assessment. An actual conflict could exist if Larry's brother is in a position to make procurement decisions with regard to a proposal in which Larry is actively involved, for example, as a proposal manager or a contract negotiator. Even if Larry's or Larry's brother's involvement was tangential, if a competitor became aware of a close family relationship, it may protest any contract award to Lockheed Martin based on the perceived conflict of interest. Only a careful analysis of the facts can determine whether any exposure exists in this area.

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*Tristan, who is a senior manager for contract compliance at a business unit, has grown close personally with one of his subordinates, Isolde. Tristan is considering asking Isolde to dinner and a movie. Does this relationship need to be reported?*

Yes. Any romantic relationship between a member of management and an employee within his or her chain of command needs to be reported. Such a relationship could compromise the impartiality Tristan needs to exhibit as a manager. If Tristan served in a director-level position or above at the business unit, he would be required to disclose his relationship with Isolde even if she had no reporting relationship with him.

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*Tom is business operations manager for Lockheed Martin Space Systems Company. Tom, who is also a lieutenant colonel in the Air Force Reserve, performs periods of active duty at an Air Force base where he is responsible for supervising aircraft maintenance. Tom is notified by the Air Force that he has been assigned to perform temporary duty as part of a source selection*

*evaluation team responsible for evaluating and rating contractor proposals with respect to certain technical criteria in an RFP for a pending aircraft logistics sustainment acquisition. Lockheed Martin Aeronautics is one of the contractors competing for the contract award. May Tom participate as a member of the source selection evaluation team?*

No, Tom's personal and substantial participation in his Air Force Reserve status in an acquisition in which his employer, Lockheed Martin, has shown an interest or is involved and has a financial interest is a prohibited conflict of interest. Tom must immediately notify his Air Force superiors of the conflict implicated by his assignment, and he also must disclose the potential conflict under [CRX-014](#). Federal law prohibits a reservist from participating personally and substantially in any particular government matter that would have a direct and predictable effect on the financial interests of the reservist or on the company or organization for which the reservist works when not serving in the Reserves. "Participating personally and substantially" in a matter includes making decisions, giving advice, making recommendations, doing evaluations, and participating in an investigation.

Here are some other examples of conduct that implicates or may implicate impermissible conflicts of interest between an employee's Reserve and Lockheed Martin duties:

- As a reservist, a Lockheed Martin employee reviews and evaluates work performed by a Lockheed Martin business unit for the government.
- As a reservist, a Lockheed Martin employee assists in the development of requirements, specifications, or the statement of work for an acquisition for which a Lockheed Martin business unit will compete.
- As a reservist, a Lockheed Martin employee is involved in the development of a military department's requirements or strategic assessments related to a market space in which Lockheed Martin competes or has an interest, through which he receives the proprietary information of Lockheed Martin's competitors.

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*Two of Joe's fraternity brothers, with whom he has maintained a close personal relationship since graduation from college, own and manage the new Meet Now conference and meeting facility near the Lockheed Martin office where Joe works as a program manager. That office does not have much internal meeting space, so non-company facilities are used when company space is inadequate. Meet Now has fully equipped conference rooms in a variety of sizes, and is able to meet all of the Lockheed Martin needs. Does Joe need to report a potential conflict?*

If Joe is personally involved in the selection and approval of the offsite facilities, or if he manages those who are responsible, then yes, he should report a conflict and recuse himself from any recommendations or selections of offsite facilities. If he is not their manager, he could advise those responsible for the selection and procurement that they might want to consider Meet Now,

but then he should disengage from any other discussion. If he is the manager, he should avoid even making that recommendation, so as to avoid any appearance of undue influence. However, if Joe has no involvement other than attending meetings scheduled at Meet Now, then he would not have a conflict that requires disclosure.

*Janine married last year, and her new blended family includes her husband's 22-year old daughter, Lacy, from a prior marriage. Lacy just graduated from college and is looking for a job. Janine is a business manager for the local Lockheed Martin facility, has openings in her organization, and knows there are other open positions for which Lacy might be suited. Janine wants to help Lacy find a position within Lockheed Martin, perhaps even within her own organization. Does this create a potential conflict?*

Yes, it could if Lacy is placed within Janine's own department or program. Even though Lacy is not legally Janine's daughter, they could be considered as having "substantially similar relationships" as members of the same family for the purposes of the procedure. Janine needs to avoid even the appearance of favoritism in this situation. Janine may help Lacy submit her resume through the normal channels, including sending it to the hiring manager(s) and she may also share Lacy's resume directly with staffing. If hired, Lacy may not be placed in any position in which she would report to Janine, or in which Janine would have influence over her performance appraisals and compensation. Note that with blended families, the existence of a conflict may depend on the actual nature of the relationship, as it is understood that an employee may have no contact whatsoever with any children (including adult children), parents-in-law, children-in-law or nieces/nephews they gain through the marriage. Conversely, after a divorce, there may be continuing strong relationships with and loyalties to one's former in-laws that could create a conflict. Similar concerns arise from family relationships that arise from domestic partnerships. Employees are advised to disclose these relationships in any situation that might cause the appearance of a conflict, and have the situation reviewed to ensure there are no issues or to define the parameters under which they may proceed.