



Corporate Headquarters  
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# Gifts, Hospitality, Other Business Courtesies, and Sponsorships

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## 1.0 Policy

1.1 All Lockheed Martin business transactions and relationships must be free from even the perception that favorable treatment is being sought, received, or given in exchange for gifts, hospitality, other business courtesies, or sponsorships.

1.2 Lockheed Martin will not engage in, or otherwise tolerate, any form of bribery or corruption in its business dealings, even when observance of this commitment may place the Corporation in a noncompetitive business position. Lockheed Martin specifically prohibits offering, giving, soliciting, or receiving any form of bribe or kickback. These are criminal acts under U.S. and non-U.S. laws and guidance on complying with these laws is also found in [CPS-716](#),

Compliance with the Anti-Kickback Act of 1986, and [CPS-730](#), Compliance with Anti-Corruption Laws.

1.3 See the Gifts, Hospitality, Other Business Courtesies, and Sponsorships [FAQ](#) for additional information and examples of applying this policy to specific situations. The [Ethics Gifts Decision Tree](#) tool is available as a resource, in addition to your Ethics Officer or Legal Counsel.

## **2.0 Applicability**

2.1 This policy applies to all officers, members of the Board of Directors, and employees of the Corporation and its subsidiaries within and outside the U.S., and, by written agreement, all appropriate provisions shall apply to any domestic or international representative, distributor, reseller, consultant, broker, agent, or any other person or firm by whatever name known, of any nationality, who is conducting business for or on behalf of the Corporation.

2.2 With respect to other entities Lockheed Martin owns or controls, Lockheed Martin will ensure that such entities have adopted, in substantial part, the guidelines and requirements in this policy appropriate to the entity's size and risk.

2.3 With respect to entities that Lockheed Martin neither owns nor controls, but in which Lockheed Martin owns a substantial interest, Lockheed Martin will communicate an expectation that the entity will adopt and maintain appropriate controls and take steps necessary to comply with the spirit of this policy.

## **3.0 Definitions**

*Bribe/Bribery* – Directly or indirectly paying, promising, giving, offering, or authorizing to give anything of value to anyone for the purpose of influencing that person to misuse or take advantage of their position. The thing of value can be of any kind (e.g., gift, travel, entertainment, payment) and is not subject to any minimum amount or threshold of value. In addition, it is not necessary that the corrupt act succeed or that the person to whom the payment, offer, or promise is made actually accepts or receives the bribe.

*Business Courtesy* – Any gift, gratuity, favor, benefit, loan, commission, discount, forbearance, or other tangible or intangible item having monetary value for which fair market value is not paid by the recipient. The recipient may be an individual or an entity. Such courtesies include, but are not limited to the following: cash and cash equivalents, discounts, door prizes and raffles, entertainment and recreation, free or reduced cost admittance to a business-related event (conference, briefing, seminar, training, advisory board, committee meeting, etc.), gift cards/certificates, honoraria, hospitality, lodging, meals and drinks, models, promotional items, services, tickets (passes, fees, etc.), training, transportation, or use of a donor's time, materials, equipment, or facilities.

Note: Any meals, travel, lodging, and transportation that are expressly required by specific terms of a contract (as reviewed and approved by element Legal) are not considered business courtesies under this policy.

*Business Relations* – Customers, suppliers, subcontractors, prime contractors, banks, law firms, partners, consultants, agents, educational institutions, or any individual providing products or services to or receiving products or services from Lockheed Martin. Any individual or group with

whom we seek to do business or who seeks to do business with us is considered a business relation. Defined subsets of business relations include commercial relations, public officials, and government-owned instrumentalities.

*Cash/Cash Equivalent* – Includes, but is not limited to, physical currency, bonds, certificates of deposit, checks/cheques, convertible coupons, honoraria, pre-paid credit cards, stocks, and virtual currency.

*Charitable Contribution* – Funding to a non-profit or charitable organization, made in accordance with [CRX-251](#), Charitable Contributions, whereby Lockheed Martin does not expect or intend to seek a tangible and measurable benefit to the corporation.

*Commercial Relations* – Subset of business relations who are not government entities, government-owned instrumentalities, or public officials. Examples include, but are not limited to, private sector companies, firms, associations, non-profit organizations, non-governmental organizations, media organizations, or unaffiliated private persons.

*Element Legal Counsel* – The Lockheed Martin attorney supporting a Lockheed Martin element (as defined in [CRX-003](#), Policies and Procedures).

*Entertainment* – A business courtesy in the form of attendance at an event or performance of an activity in which a representative of the giving organization accompanies the recipient or participates. The courtesy itself has little to no bona fide business purpose other than networking or relationship building. Examples include, but are not limited to, attendance at a sporting event, participation in a golf tournament, and attendance at a supplier party. *If a representative of the giving organization does not accompany the recipient or participate in the event, then the business courtesy is not entertainment, but is simply a gift subject to the limits of this policy.*

*Event* – An occasion in which one or more instances of business courtesies may be provided to a recipient.

*Fair Market Value* – The retail cost you would have to pay to purchase the business courtesy. If the fair market value is not known or discernible then its value may be estimated based on the retail cost of similar items of like quality.

*Family Member* – Includes an individual's:

- Spouse or significant other (i.e., a less proximal family relation where a financial commitment exists, domestic partner, or marital engagement).
- Parent, step-parent, or an individual who acts in the capacity of your parent.
- Child, step-child, sibling, step-sibling, or dependent.
- In-laws, including the same relationships delineated above.
- Or substantially similar relationships, whether family or personal.

*Gift Cards/Certificates* – A restricted monetary equivalent which allows the holder to purchase goods or services. Some gift cards/certificates are issued for, and can be redeemed only at, a specific retailer. Other gift cards/certificates are general purpose (“open loop”) and can be used like a credit card.

*Government-Owned Instrumentality* – An entity that is owned or controlled by a government. Government ownership or control can be whole, majority, or partial. Whether a particular entity will be treated like an instrumentality for the purposes of this policy requires a fact-specific analysis of the entity's ownership, control, status, and function by element legal counsel.

*Kickback* – As defined in [CPS-716](#), any money, fee, commission, credit, gift, gratuity, thing of value, loan, entertainment, service, or compensation of any kind that is provided in exchange for a favor (whether business related or not). Kickbacks are a type of bribe where the two parties are in collusion so that each party gains from the exchange.

*Lavish or Extravagant* – While it is difficult to define "lavish or extravagant" by means of a specific dollar amount, a common sense determination based on the totality of the circumstances should be made consistent with reasonable marketplace practices for the specific circumstances under consideration.

*Nominal* – Of little or no value.

*Public Official* – A person who, regardless of position, paid or unpaid, is any of the following:

- An officer or employee of any government, department, agency, bureau, authority, or government-owned instrumentality, such as a state-owned or state-controlled entity;
- Acting in an official capacity for or on behalf of any government, department, agency, bureau, authority, or instrumentality;
- An official, employee, or person acting on behalf of a government-sponsored or public international organization such as the United Nations, World Bank, or the European Community;
- Holding a legislative, administrative, executive, or judicial position, whether appointed or elected;
- A political candidate, or an officer or employee of a political party;
- A member of a Royal Family; or
- A family member of or otherwise closely associated with any of the foregoing.

*Sponsorship* – Any arrangement whereby Lockheed Martin provides financial support, products, services, or anything of value to a third party where Lockheed Martin expects or intends to seek the right to associate its image, brands, or products with an activity, event, or organization, or to receive some other lawful benefit. Sponsorships may include funding to industry associations or event organizers, fees for participation in certain industry events that serve business interests, or other instances where Lockheed Martin receives brand visibility or name recognition (e.g., banquets, golf tournaments, symposiums, conferences, forums, technology exchange programs, and shaping events, etc.). Memberships which include a sponsorship component or where sponsorships will be offered as part of membership in any organization are included in this definition and are subject to this policy. Participation in a formally-organized trade show (e.g. The Paris Air Show, The Royal International Air Tattoo, etc.) is not a sponsorship under this policy. Charitable giving may be considered a sponsorship under this policy if [CRX-251](#) is not applicable.

## **4.0 Your Responsibilities**

4.1 It is your responsibility as a Lockheed Martin employee to ensure that the offer or receipt of anything of value is permitted by law and regulation, does not violate the rules and standards of the recipient's organization, is consistent with reasonable marketplace customs, complies with this policy, and will not adversely affect the reputation of or embarrass Lockheed Martin. It is your responsibility to ensure that business courtesies are not lavish and could not reasonably be construed as an attempt to secure favorable treatment.

4.2 If you are involved in the evaluation of products or services for potential use, or you are involved in the oversight or evaluation of supplier performance, or where your duties include the negotiation of contracts or concessions you must be especially diligent in avoiding actions that could be perceived as favoritism or unfair dealing. Employees in these roles have extra restrictions regarding the acceptance of business courtesies.

4.3 Lockheed Martin will fully cooperate with regulatory and law enforcement authorities in the investigation and prosecution of anti-corruption laws. In addition to potential criminal or civil penalties, violations of anti-corruption laws and this policy may result in disciplinary action, up to and including termination of employment or contract.

4.4 You are required to report any suspected or known violations of this policy. You should report violations of this policy directly to your supervisor, manager, Human Resources, Ethics Office, element legal counsel, or other appropriate functional organization. If your supervisor or manager is personally involved, report the violation to your Ethics Officer or Human Resources Business Partner. Lockheed Martin prohibits retaliation against anyone who, in good faith, reports suspected misconduct.

4.5 If you offer or approve expenditures for business courtesies, you must ensure that all expenses and transactions are accurately recorded with reasonable detail, are given in the course of business, and could not reasonably be construed as improper inducements. Payments made on behalf of Lockheed Martin will include adequate supporting documentation to accurately describe the nature and purpose of any payment.

## **5.0 General Guidelines**

5.1 You may only offer, give, or accept business courtesies that are within applicable law and regulation, the policies of both Lockheed Martin and the recipient of the business courtesy. You may only offer or give sponsorships that are within applicable law and regulation, and the policies of both Lockheed Martin and the recipient of the sponsorship. You may not offer, give, or accept any business courtesy or sponsorship that may be questionable, controversial, or reflect negatively on Lockheed Martin's reputation.

5.2 You must not use personal funds or assets to circumvent this policy. All business-related expenditures and reimbursements must be accounted for in accordance with Lockheed Martin policies and procedures.

5.3 You should consult with your Ethics Officer, who may engage element legal counsel, with questions about offering or accepting business courtesies.

### ***Cash, Cash Equivalents, and Gift Cards***

5.4 You are prohibited from giving a gift or business courtesy of cash, cash equivalents, or gift card/certificate to business relations. Contributions of cash to a collection (pooled money) for the purpose of purchasing a group gift for a business relation is generally prohibited, as is providing any honorarium to business relations. In rare circumstances, exceptions may be pre-approved by your Ethics Officer or element legal counsel (see [section 9.0](#)).

Note: You are prohibited from giving per diem payments as a business courtesy unless they are expressly authorized in a written contract with a business relation. Unless expressly authorized by the contract and approved by element legal counsel, per diem payments must be made by check only to the business relation entity, not to any individuals. All per diem payments must be accurately recorded.

5.5 You are prohibited from receiving a business courtesy of cash or cash equivalents from a business relation. You may accept unsolicited gift cards/certificates for a specific retailer within the limits specified in [section 6.0](#). You may *not* accept general purpose (or “open loop”) gift cards of any value from a business relation.

### ***Family***

5.6 For the purposes of this policy, a business courtesy offered or given to a family member of a Lockheed Martin business relation will be considered an offer directly to the business relation. The value of the business courtesy offered to the business relation includes the value of anything offered to the family member. No business courtesy may be offered to a non-U.S. public official's family member without requesting prior approval of element legal counsel (see [section 9.0](#)). Business courtesies offered to family members of other business relations must be evaluated under the applicable business courtesy guidelines.

5.7 Any business courtesy offered to or received by your family member(s) because of your position with the Corporation will be considered a business courtesy to you. The value of the business courtesy offered to you includes the value of anything offered to your family member(s).

5.8 You may entertain or give gifts if motivated solely by a family or personal relationship. Such gifts or entertainment are not considered business courtesies and therefore are not subject to this policy. You will not be reimbursed for expenditures associated with any such exchange. Keep in mind that family and other significant relationships may give rise to actual or apparent conflicts of interest. See [CRX-014](#), Individual Conflict of Interest.

5.9 Discretion and good judgment must be exercised when giving gifts or other things of value to family or friends employed by government agencies.

### ***Alcohol***

5.10 The cost of any alcohol offered or received should be included in the total fair market value of the business courtesy.

5.11 The approval to offer alcohol (and then expense to Lockheed Martin as an unallowable cost) in conjunction with a business meal must be in accordance with [TVL-001](#), Business Travel Handbook, and Cost Principles Compliance Manual [31-205-51](#), Costs of Alcoholic Beverages.

The provision of alcohol is still subject to the requirements and approvals as described in TVL-001, regardless of any exceptions granted under [section 9.0](#).

### ***Exchanging Gifts within Lockheed Martin Corporation***

5.12 Lockheed Martin employees may give and accept unsolicited gifts to and from other Lockheed Martin employees provided that there is neither a real nor perceived conflict of interest per [CRX-014](#), and the gift is reasonable for the circumstance.

Note: As an exception to [sections 5.4](#) and [5.5](#) above, Lockheed Martin employees may give and accept cash, cash equivalents, and gift cards (to a specific retailer or open loop) to and from other Lockheed Martin employees.

5.13 Generally, gift exchanges between individuals within Lockheed Martin should be of nominal value. You may not coerce others to participate in gift giving or exchanges. It may be appropriate to give gifts of higher value in honor of significant life events or career milestones.

## **6.0 Accepting Business Courtesies**

### ***General***

6.1 You must not use your position at Lockheed Martin to obtain business courtesies for yourself or on behalf of the Corporation. Solicitation of business courtesies is prohibited.

6.2 You must not accept a business courtesy that you would feel uncomfortable discussing with management or a coworker, or where you would feel uncomfortable if acceptance of the business courtesy was known by the public.

6.3 You may accept an unsolicited business courtesy from a business relation provided that all of the criteria listed below apply:

- Acceptance will foster goodwill and successful business relations;
- The offering and receiving of business courtesies is infrequent and does not create the appearance of a pattern of frequent acceptance of courtesies from the same entities or persons;
- The business courtesy is presented openly and transparently;
- There is neither the intent nor the appearance of impropriety;
- The business courtesy is not in the form of [cash or cash equivalent](#), a general purpose [gift card/certificate](#), a loan, a guarantee of a loan, compensation, or honorarium; and
- The business courtesy is identified as acceptable for your role in the following table:

**If you are:**

**You may accept:**

Note: You may request an exception to these limits from your Ethics Officer (see [section 9.0](#))

<p>Not involved in the process of directing Lockheed Martin business or funds to the business relation offering the business courtesy <u>and</u></p> <p>Not in Global Supply Chain Operations (GSCO)</p>	<ul style="list-style-type: none"> <li>• Unsolicited business meals and refreshments that are reasonable under the circumstances and when there is a clear business purpose.</li> <li>• A gift card/certificate to a specific retailer with a value of \$25 USD or less.</li> <li>• Other business courtesies with a fair market value of \$100 USD or less.</li> <li>• You may also accept any courtesy listed under <a href="#">Other Acceptable Business Courtesies</a>.</li> </ul>
<p>In GSCO</p>	<p>No business courtesies except the following:</p> <ul style="list-style-type: none"> <li>• Unsolicited meals and refreshments, of reasonable value, offered by a business relation only in the course of a meeting or other business-related activity at the business relation's site.</li> <li>• Promotional items, provided that the cumulative fair market value of such items from that business relation in any calendar year is \$20 USD or less.</li> <li>• The courtesies listed under <a href="#">Other Acceptable Business Courtesies</a> that are not expressly prohibited for GSCO.</li> </ul>
<p>Involved in the process of directing Lockheed Martin business or funds to the business relation offering the business courtesy and</p> <p>Not in GSCO.</p> <p>Note: Examples of directing Lockheed Martin business or funds to a business relation include using a commercial card to make purchases from the business relation, formally or informally evaluating the business relation's performance to maintain business with Lockheed Martin, and involvement in generating requisitions, establishing procurement requirements, conducting market research of potential suppliers, or participating in the source selection of a prospective Lockheed Martin procurement involving the business relation.</p>	<p>No business courtesies except the following:</p> <ul style="list-style-type: none"> <li>• Unsolicited business meals and refreshments that are considered reasonable under the circumstances and when there is a clear business purpose.</li> <li>• Promotional items, provided that the cumulative fair market value of such items from that business relation in any calendar year is \$20 USD or less.</li> <li>• Courtesies, from that business relation, listed under <a href="#">Other Acceptable Business Courtesies</a> that are not expressly prohibited for those involved in the process of directing Lockheed Martin business or funds to the business relation making the offer.</li> </ul>

6.4 If you receive a tangible business courtesy – either to you individually, or on behalf of Lockheed Martin – exceeding the guidelines in this policy that cannot be returned immediately, or where local customs and practices make it inappropriate to decline, you must give the item to

your Ethics Officer for disposition. The Ethics Office will secure the item and record it in a log. An Ethics Director, who may consult with element legal counsel, will determine disposition of the item. In rare circumstances, the employee receiving the item may be allowed to pay the fair market value to Lockheed Martin to personally keep the item.

### ***Other Acceptable Business Courtesies***

#### Entertainment over \$100 USD

6.5 If you are not in GSCO or otherwise directing Lockheed Martin business or funds to that business relation, you may accept entertainment that exceeds a fair market value of \$100 USD if it is not considered lavish or extravagant *and* is offered as part of the general admission to an event with a bona fide business purpose with broad participation (e.g., an air show or trade show). Acceptance of invitation-only entertainment offered at such events, or as standalone activities, requires pre-approval from your Ethics Officer (see [section 9.0](#)).

#### Business Events

6.6 You may accept an invitation for free or reduced cost admittance to a business-related conference, briefing, seminar, or training session; company-authorized advisory board or committee meeting; or other business event hosted by a supplier, customer, user, or industry group that has a fair market value greater than \$100 USD provided that all of the following criteria are met:

- It is offered to other participants or business entities on the same basis;
- The offer is unsolicited by Lockheed Martin;
- The activity has a bona fide business purpose (e.g., not solely a meal and/or refreshments with networking); and
- There is neither a real nor perceived conflict of interest arising from acceptance of the offer.

Note: You may request an exception to these criteria from your Ethics Officer (see [section 9.0](#)).

6.7 Free or reduced cost admittance may include food, refreshments, entertainment, and instructional materials furnished to attendees as an integral part of the activity and would not be considered lavish or extravagant. Free admittance does not include expenses collateral to the activity or meals taken other than in a group setting with all other attendees.

6.8 If you are a speaker or presenter at the event, you may not accept honoraria or other cash compensation.

6.9 If you are a speaker or presenter at the event, you may accept lodging, subsistence meals, and transportation associated with the activity provided that all of the following criteria are met:

- The offer is made to other participants and/or business entities on the same basis;
- The offer is unsolicited by Lockheed Martin;
- The activity has a bona fide business purpose;

- There is neither a real nor perceived conflict of interest arising from acceptance of the offer; and
- The offer is not lavish or unreasonable for the totality of the circumstances.

Note: You may request an exception to these criteria from your Ethics Officer (see [section 9.0](#)).

### Travel and Transportation

6.10 You may accept local transportation from a business relation when it is connected to your official Lockheed Martin duties, fosters good will, and the expenses are reasonable under the circumstances. For example, local ride sharing for business purposes is permissible.

6.11 Acceptance of expense-paid travel (transportation, lodging, or subsistence meals) is permitted only when all the requirements of [section 6.9](#) of this policy are met. You may request an exception from your Ethics Officer (see [section 9.0](#)).

6.12 When traveling for business purposes, you may participate in and personally benefit from travel loyalty programs, for example, frequent flier miles or hotel points.

Note: You may not accept business courtesies from transportation, lodging or food vendors if such courtesies are offered as part of arranging these services for another person or organization.

6.13 You may choose to be personally inconvenienced, and accept offered compensation, while on business-related travel (e.g., travel vouchers for overbooked flights or hotels) if there is no additional cost to Lockheed Martin (e.g., labor, lodging, or subsistence meal) or negative impact on business requirements. This may include cash compensation and is an exception to [sections 5.4](#) and [5.5](#).

### U.S. Government Monetary Award

6.14 You may accept monetary awards of up to \$1,000 USD given by a U.S. government agency for technical achievements such as inventions developed in performance of a government contract, provided that such awards are routinely given by the government agency on a non-discriminatory basis to personnel of all contractors. Before accepting an award over \$1,000 USD, you must receive approval from your Ethics Officer, who may consult element legal counsel (see [section 9.0](#)).

## **7.0 Giving Business Courtesies**

### ***General***

7.1 All business courtesies offered on behalf of Lockheed Martin must be directly related to Lockheed Martin business (that is, the sale of its products and services) or directly in support of its business interests. You may only offer business courtesies that are reasonable, customary, and appropriate for the occasion (not considered lavish or extravagant). Business courtesies must be presented openly and transparently.

7.2 You should limit the frequency of giving business courtesies to the same recipient, as the cumulative effect of frequent business courtesies may give rise to the appearance of impropriety and under certain circumstances may violate the law. Business courtesies provided in connection with periodic on-going events related to the performance of an existing contract, such as program review meetings, are understandable and not in violation of this policy. Business courtesies provided in connection with prospective business opportunities must be limited so that the cumulative value of the courtesies given to the same recipient does not become excessive.

7.3 You may not knowingly offer business courtesies that violate the standards of conduct of the recipient's organization; [CPS-730](#), Compliance with Anti-Corruption Laws; [CPS-716](#), Compliance with the Anti-Kickback Act of 1986; and all other laws and regulations.

***Providing Air Transportation***

7.4 Approval to transport any non-employee on corporate aircraft must be obtained in accordance with [CRX-526](#), Corporate Aircraft. If the individual is a non-U.S. public official, you must also obtain prior written approval of the Senior Vice President, General Counsel & Corporate Secretary or the Vice President & Associate General Counsel Litigation, Compliance, International & Lockheed Martin Government Affairs or designee (see [section 9.0](#)). Contact your element legal counsel to initiate the request for approval. Element legal counsel will support the request by obtaining: (1) a written legal opinion from outside counsel stating that the specific travel event complies with anti-corruption laws, and (2) the approval of the business area Vice President & General Counsel.

7.5 Before offering a commercial flight to a business relation, obtain the approval (following the process in section 9.0) as indicated in the table below.

<b>If the business relation<sup>1</sup> is a:</b>	<b>Then obtain written approval<sup>2</sup> from:</b>
U.S. Public Official <sup>3</sup>	See Note 3
U.S. Commercial Relation	Ethics Officer
Non-U.S. Public Official, or Non-U.S. Commercial Relation	Vice President & Associate General Counsel Litigation, Compliance, International & Lockheed Martin Government Affairs or designee

<sup>1</sup>The commercial flight class of service offered to a business relation is dependent upon the recipient's status, rank, or position.

<sup>2</sup>Commercial airfare provided as specified under the terms of a contract is not subject to this approval provision.

<sup>3</sup>U.S. public officials generally are prohibited from accepting transportation from contractors, which may constitute a gift from a prohibited source or an unauthorized augmentation of federal appropriations. Exceptions to the general rule may apply in limited circumstances, such as when

the U.S. Government has authorized acceptance of a commercial flight as a gift to the U.S. Government. The use of an exception to the general prohibition requires advance approval by the business area Vice President & General Counsel.

**Gifts to an Entity (Government or Commercial)**

7.6 Gifts offered to a government (agency, organization, or office) or commercial entity must meet the following requirements:

- Gift has a fair market value of \$15,000 USD or less.
- Gift is a model, sculpture, painting, drawing, framed picture, trophy, award, or plaque depicting or associated with a Lockheed Martin product, program, or other company business purpose.
- Gift must be intended for display in a common area of facilities or property of the entity, and relevant circumstances do not indicate a likelihood that the gift will be used in a way different from its intended use (e.g., retained by any personnel at the entity for personal use).
- Gift must be provided directly by Lockheed Martin personnel and, when possible, as part of a formal ceremony, presentation, or official meeting.
- Gift (or its stand, mounting, frame, or structure) must be permanently labeled for the particular entity by Lockheed Martin in commemoration of the particular event.
- Gift is accompanied by a “Gift Letter” (see appropriate gift letter template for [commercial](#) or [government](#)).
- Gift does not violate recipient entity’s standards of conduct or applicable laws.
- Before offering the gift, you meet the appropriate requirements described in the table below.

If the gift is to a:	Then:
U.S./non-U.S. government entity or U.S./non-U.S. commercial entity and the gift meets all the requirements of <a href="#">section 7.6</a>	No additional approval is required
U.S. government entity or U.S. commercial entity and the gift does <b>not</b> meet all the requirements of <a href="#">section 7.6</a>	Obtain prior approval from Ethics Officer (see <a href="#">section 9.0</a> )
Non-U.S. government or non-U.S. commercial entity and the gift does <b>not</b> meet all the requirements of <a href="#">section 7.6</a>	Obtain prior approval from element legal counsel (see section 9.0)

7.7 Loans of an item to a government or commercial entity must have prior approval from element legal counsel before being offered (see section 9.0). Approved loans require documentation that clearly indicates the conditions and purpose of the loan, including the timeframe of loan.

**Business Courtesies to Commercial Relations Personnel (Not Public Officials)**

7.8 You may not provide business courtesies with a corrupt intent or appearance to bribe any Lockheed Martin commercial relation in connection with our business anywhere in the world.

Note: An entity which appears commercial may in fact be a government-owned instrumentality; in those instances, you must use the applicable government guidelines. Contact your element legal counsel with any questions about an entity's government instrumentality status.

7.9 With the exception of meals and refreshments, you may provide other business courtesies to U.S. commercial relations that have a fair market value of \$150 USD or less per person, per event. You may provide meals and refreshments to U.S. commercial relations within these U.S. dollar equivalent limits per person, per day:

- Breakfast—\$50 USD
- Lunch—\$100 USD
- Dinner—\$150 USD
- Refreshments—\$50 USD

Note: Tips and taxes should not be included in the total cost when determining the per person, per day meal and refreshment costs.

7.10 You may provide meals and refreshments to non-U.S. commercial relations in the amounts listed above for U.S. commercial relations, unless other limits are provided in the [International Hospitality Rules](#). Tips and taxes should not be included in the total cost when determining the per person, per day meal and refreshment costs. Additionally, you may provide other [business courtesies](#) to non-U.S. commercial relations using the commercial guidelines found within the applicable [International Hospitality Rules](#).

Note: To select the appropriate [International Hospitality Rules](#), use the location of the office the recipient represents.

7.11 With prior approval (see [section 9.0](#)), you may exceed the limits established for commercial relations in this policy and the [International Hospitality Rules](#). Exceptions must be reasonable considering recipient's status or position and the locale of the event.

- Exceptions for non-local travel expenses (transportation, lodging, and meals) may be considered only when offered in conjunction with viewing or evaluating our products or services (e.g., facility tours for prospective customers), or to accommodate other legitimate business activities (e.g., media tours), provided that the expenses are allowed by the rules of the recipient's organization and are reasonable under the circumstances.
- For U.S. commercial relations, prior approval must be received from your Ethics Officer.
- For non-U.S. commercial relations, prior approval must be received from your element legal counsel. Element legal counsel will support the request by either: (1) a written legal opinion obtained from outside counsel stating that the higher amounts comply with the country's laws and regulations and are not unreasonable or excessive, or (2) approval by the Vice President & Associate General Counsel Litigation, Compliance, International & Lockheed Martin Government Affairs or designee. Element legal counsel may rely on an existing legal opinion from outside counsel they deem applicable if it is not more than two years old.

### ***Business Courtesies to the Personnel of Colleges, Universities, Research Institutions, and Other Schools***

7.12 If public, you must identify which government has ownership and use the appropriate guidelines found in this policy. If the educational institution is:

- A U.S. state institution, follow the [U.S. State, Territory, and Local Government](#) guidelines in this policy;
- A U.S. federal institution (e.g., any of the military service academies), follow the [U.S. Executive Branch](#) guidelines in this policy;
- A non-U.S. government institution, follow the [Non-U.S. Public Officials](#) guidelines in this policy.

7.13 If private, follow the [Commercial Relations](#) guidelines provided in this policy.

- A school which appears private may in fact be a government-owned institution. In those instances, you must use the applicable government guidelines from this policy. Contact your element legal counsel with any questions about a school's public status.

### ***Business Courtesies to U.S. State, Territory, and Local Government Employees***

7.14 You must follow the rules and regulations governing the acceptance of business courtesies by state and local government employees. If you are unsure, consult your Ethics Officer (who may consult element legal counsel) before extending a business courtesy to a state or local government employee or agent.

7.15 It may be permissible to provide or reimburse for transportation, accommodations, food, and incidental expenses when the state or local government employee is an applicant for employment, is not traveling on official government business, and the treatment provided is the same as that provided to non-public officials. Before offering such business courtesies, you must determine whether they are permissible under the rules and regulations of the recipient's organization. Coordinate all such business courtesies through Human Resources.

### ***Business Courtesies to U.S. Executive Branch Employees (Military or Civilian)***

#### General

7.16 You may offer only the business courtesies described in this section to U.S. executive branch employees. Before offering other business courtesies, you must receive approval from your Ethics Officer, who may consult with Legal (see [section 9.0](#)). Although it is the responsibility of government employees to know their acceptance thresholds, you must not knowingly provide business courtesies that exceed these limits. You are prohibited from offering lavish business courtesies.

7.17 You must inform U.S. executive branch employees of the fair market value of any business courtesies you will provide so they can determine whether or not they can accept. You do not need to provide fair market value for business courtesies considered "nominal value". You must provide a legitimate way to collect and document full payment from each U.S. executive branch employee offered any business courtesy for which the U.S. executive branch employee declines

to accept without payment, or that you know would exceed the applicable limit. “Honor baskets” (or similar payment methods) will not be used.

### Nominal Value

7.18 You may offer nominal value business courtesies to U.S. executive branch employees. Nominal value business courtesies includes modest food and drink such as soft drinks, doughnuts and coffee not offered as part of a meal (alcohol is not considered “modest”); greeting cards; and items with little intrinsic value such as plaques, certificates, and trophies, which are intended primarily for presentation.

### \$20/\$50 Rule

7.19 As a corporation, we may provide a U.S. executive branch employee business courtesies with an aggregate market value of \$20 USD or less on a single occasion, and collectively no more than \$50 USD in a calendar year from all of Lockheed Martin.

7.20 The \$20 USD/\$50 USD limit cannot be adjusted by allowing that individual to pay the dollar amount that exceeds either threshold.

7.21 “Honor baskets” (or similar payment methods) are prohibited per section 7.17.

### Widely-Attended Gatherings

7.22 As an exception to the U.S. executive branch general gift rules, you may provide certain business courtesies to a U.S. executive branch employee during a “widely-attended gathering.” Only the appropriate government agency ethics office can designate an event as a “widely-attended gathering.” An event is a “widely-attended gathering” if it is expected that a large number of people will attend and that people with a diversity of views or interests will be present (meaning that the gathering will include personnel representing numerous entities from outside Lockheed Martin). Government designation of the event as a “widely-attended gathering” must be granted before offering any business courtesies to U.S. executive branch employees. The widely-attended gathering designation does not allow you to offer travel expenses, lodging, entertainment not integral to the event, or meals taken outside of a group setting with all other attendees.

7.23 You can request a “widely-attended gathering” designation from the relevant agencies in accordance with their guidance on such requests. Lockheed Martin hosts or sponsors of these events should provide information about the cost of business courtesies to U.S. government invitees and ask them to seek guidance from their government designated agency ethics officials about the appropriateness of attending the event. Invitations to widely-attended gatherings should only be extended by the host or sponsor and event hosts/sponsors should remind U.S. government invitees to seek approval from their designated agency ethics official.

### Transportation

7.24 You may provide non-air transportation to a U.S. executive branch employee only when one or more of these criteria apply:

- The transportation is in connection with a "meeting" as defined in 41 CFR § 304-2.1. (You must never provide transportation to any meeting or event essential to the U.S. executive branch employee's primary duties or a U.S. agency's mission.)
- The fair market value of the transportation is under the [\\$20 USD/\\$50 USD](#) limit.
- The government employee pays the fair market value of the transportation.
- The transportation represents a recognized contractual obligation or expense.
- The transportation is approved in advance by your Ethics Officer, who may consult with element legal counsel (see [section 9.0](#)).

### Informational Materials

7.25 You may provide informational material to a U.S. executive branch employee when all of the following criteria apply:

- The cumulative fair market value does not exceed \$100 in a given calendar year, or, if exceeds this dollar limit, you are provided with an agency designee's written determination allowing acceptance by the government employee;
- The materials are educational or instructive in nature;
- The materials are not primarily created for entertainment, display or decoration; and
- The materials are related to at least one of the following topics:
  - the government employee's official duties, position, profession, or field of study;
  - a general subject matter area, industry, or economic sector affected by or involved in the programs or operations of the government employee's agency; or
  - another topic of interest to the government employee's agency.

### Outside the U.S.

7.26 While in a foreign area (non-U.S. area) you may provide to a U.S. executive branch employee food, refreshments, or entertainment during the course of a meal, meeting, or event only when all of the following criteria apply:

- The fair market value of the food, refreshments, or entertainment does not exceed the maximum per diem rate for the foreign area specified on the U.S. Department of State's Foreign Per Diem Rates by Location website.
- There is participation in the meal, meeting, or event by non-U.S. citizens or by representatives of foreign governments or foreign entities.
- Attendance at the meeting or event is part of the U.S. government employee's official duties to obtain information, disseminate information, promote the export of U.S. goods and services, represent the U.S., or otherwise further programs or operations of the agency or the U.S. mission in the foreign area.

Note: Other types of business courtesies for a U.S. executive branch employee have no foreign area exception and the limits provided elsewhere in this policy apply regardless of locale.

### Applicants for Employment

7.27 You may provide or reimburse for transportation, accommodations, food, and incidental expenses when the U.S. executive branch employee, is an applicant for employment, is not

traveling on official government business, and the treatment provided is the same as that provided to non-public officials. Take care to ensure that neither a real nor perceived conflict of interest is created. Coordinate all such business courtesies through Human Resources. See [CRX-014A](#), Conflict of Interest-Government Employment.

## ***Business Courtesies to U.S. Legislative Branch Employees***

### General

7.28 You may offer only the business courtesies described in this section to U.S. legislative branch employees. Before offering other business courtesies, you must receive approval from your element legal counsel (see [section 9.0](#)). Although it is the responsibility of government employees to know their own rules (U.S. House of Representatives Rules for members of the House of Representatives, representatives' staff, and House committees' staff; and U.S. Senate Rules for members of the Senate, senators' staff, and Senate committees' staff), you must not knowingly provide business courtesies that exceed these limits.

### Transportation

7.29 We will not fund a Congress (to include both U.S. House of Representatives and U.S. Senate) member's or congressional staffer's official travel, including trips to our facilities, historical sites, charity events, and other locations.

7.30 We will not pay for local transportation expenses, including transportation to and from the airport or other terminus and a Lockheed Martin facility for a Congress member or staffer who visits the Lockheed Martin facility, except that such local transportation may be provided to a House member or staffer traveling on official duties at House expense outside the District of Columbia.

### Meals

7.31 Lockheed Martin may provide a meal, without requiring reimbursement, if offered in a group setting in the facility cafeteria to members and staffers of the House of Representatives visiting a facility.

7.32 Providing meals to Senators and Senate staffers visiting Lockheed Martin facilities is prohibited except under extremely limited circumstances. Prior review and approval by element legal counsel is required (see [section 9.0](#)).

7.33 You may provide modest value food and refreshments such as coffee, soft drinks, doughnuts, pastries, fruit, and hors d'oeuvres to the member or staffer without requiring reimbursement.

7.34 For members and staff of both Senate and House, you may host a reception with hors d'oeuvres and drinks without requiring reimbursement.

### Plaques, Trophies, and Commemorative Items

7.35 You may present a member of Congress or congressional staffer with a plaque, trophy, or other item that is substantially commemorative (does not have significant utilitarian or artistic value). The item should be engraved with the recipient's name, the name of the presenting organization, and the date of presentation and be presented in person. Prior approval from element legal counsel (see section 9.0) is required before presentation.

#### Widely-Attended Event

7.36 You may provide certain, otherwise prohibited, business courtesies to members of Congress and congressional staffers during a "widely-attended event." Only the appropriate congressional body can designate an event as widely attended. An event generally is considered widely attended if there is a reasonable expectation that at least 25 people will attend in addition to Congress members and congressional staffers and the event is open to individuals throughout the given industry or profession. The widely-attended event designation does not allow you to offer entertainment not integral to the event or meals taken outside a group setting with all other attendees. Government designation of the event as a "widely-attended event" must be granted before offering any business courtesies pursuant to this exception.

7.37 Hosts of our events should provide information about the cost of business courtesies to congressional invitees and ask them to seek guidance from their ethics officials about the appropriateness of attending the event. Invitations to widely-attended events should only be extended by the host or sponsor responsible for organizing the event.

#### ***Business Courtesies to Members of the U.S. Judiciary (U.S. Supreme Court, U.S. Courts of Appeals, and U.S. District Courts)***

7.38 You are prohibited from giving or offering business courtesies to members of the judicial branch of government. You may request an exception from your element legal counsel (see section 9.0).

#### ***Business Courtesies to Non-U.S. Public Officials***

##### General

7.39 You are prohibited from giving or offering business courtesies to non-U.S. public officials for the purpose of influencing them improperly. You may provide business courtesies to non-U.S. public officials as described in the [International Hospitality Rules](#). To select the appropriate country's International Hospitality Rules, use the country associated with the governmental organization that the recipient represents. If you are uncertain about which country's [Hospitality Rules](#) to apply, please seek element legal counsel guidance.

7.40 You must obtain prior approval from element legal counsel (see [section 9.0](#)) to:

- Provide any business courtesy to a non-U.S. public official that:
  - exceeds any stated monetary limit for non-U.S. public officials in this policy or the [International Hospitality Rules](#);
  - is labeled "reasonable cost" or "prohibited" in the [International Hospitality Rules](#);
  - provides non-local transportation, including air travel; and/or

- does not comply with any specific Country Amplifying Guidance;
- Provide any business courtesy to a non-U.S. public official's family member.

Note: Element legal counsel will support exception requests by either (1) a written legal opinion obtained from outside counsel stating that the higher amounts comply with the country's laws and regulations and are not unreasonable or excessive, or (2) approval by the Vice President & Associate General Counsel Litigation, Compliance, International & Lockheed Martin Government Affairs or designee. Element legal counsel may rely on an existing legal opinion from outside counsel if it is not more than two years old.

7.41 Providing certain business courtesies without prior Legal approval will constitute a "Reportable Hospitality" as defined in [CPS-730](#).

#### Meals, Refreshments and Gifts

7.42 Where applicable [International Hospitality Rules](#) do not otherwise specify an amount, expenses for meals and refreshments must not exceed the following U.S. dollar equivalent amount per person per day:

- Breakfast—\$50 USD
- Lunch—\$100 USD
- Dinner—\$150 USD
- Refreshments—\$50 USD

Note: Tips and taxes should not be included in the total cost when determining the per person, per day meal and refreshment costs. The venue costs (e.g., room rental, flowers, etc.) must not be lavish or extravagant. Seek element legal counsel guidance regarding whether or not your venue costs need to be included in per person, per day totals.

7.43 Where applicable [International Hospitality Rules](#) do not otherwise specify an amount, you may provide a gift of product models or pictures bearing the company logo or other items that are distributed for advertising or commemorative purposes with a value less than or equal to \$100 USD.

#### Transportation & Lodging Associated With Plant/Site Visit

7.44 When a plant visit is specifically required by the terms of a contract with a non-U.S. government customer or Foreign Military Sales contract, prior written approval or confirmation from the invitee's superior or other authorized official is not required to the extent the hospitality is in accordance with the terms of the contract. However, when not specified in a contract, all business courtesy expenses related to a plant or site visit must comply with the [International Hospitality Rules](#) unless approved in writing by the element legal counsel (see [section 9.0](#)). Whenever feasible, payment or reimbursement must be made to the government or agency involved, not to the individual official incurring the expense.

#### Events With Attendees From Multiple Countries

7.45 When public officials from at least three different non-U.S. countries are attending a Lockheed Martin event, you may use the public official's business courtesy limits of the least

restrictive country's [International Hospitality Rules](#) for all attending non-U.S. public officials provided the business courtesies are:

- Of reasonable value;
- Furnished in connection with trade shows; association meetings; official governmental functions; or ceremonial, commemorative, or celebratory functions (e.g., ship launchings, airplane rollouts, deliveries, demonstrations);
- Not offered to improperly influence any official decision; and
- Pre-approved by element legal counsel (see [section 9.0](#)).

## 8.0 Sponsorships

8.1 [Sponsorships](#) will be consistent with Lockheed Martin values and will not create, or create the appearance of, a bribe, kickback, or other corrupt practice or be used to circumvent or otherwise violate this policy. No sponsorship may be undertaken to directly or indirectly procure future business or otherwise be made with the intent to obtain or retain business, secure an improper advantage, or induce anyone to act improperly. Note: Giving to charitable organizations should only be made under this policy if [CRX-251](#) is deemed not applicable.

8.2 Sponsorships, where the amount is equal to or exceeds \$100,000 USD and would be a new sponsorship recipient from Lockheed Martin, require the prior written approval of the corporate or business area Controller. Sponsorships specifically detailed in annual Enterprise Operations budget submissions shall be considered to have met this Controller approval requirement for that budget year.

8.3 Sponsorships that do not satisfy all of the following criteria require prior review and approval by element legal counsel (see [section 9.0](#)):

- The sponsorship amount is less than or equal to \$25,000 USD;
- The sponsored organization is not owned or controlled by a government, government organization, or public official;
- The sponsorship is not requested by, or at the behest of, a government office or public official;
- No award of any Lockheed Martin business project is conditioned upon the sponsorship;
- The sponsorship payment is made to an organization and not to any individual person(s);
- There is a written record of the sponsorship purpose and payment in accordance with Lockheed Martin policies and procedures;
- The term "CPS-008 Sponsorship" is clearly reflected in the accounting record; and
- The sponsored organization signs and returns the [Lockheed Martin Sponsorship Agreement Template](#) with no modifications to the template terms and conditions.

Note: No sponsorship may be made without an executed written contract agreement. In cases where the intended sponsorship recipient presents its own proposed sponsorship contract or agreement, will not agree to use the Lockheed Martin Sponsorship Agreement Template, or seeks to modify the terms and conditions within the Lockheed Martin Sponsorship Agreement Template, an exception request must be submitted to element legal counsel for review and approval (see [section 9.0](#)) of the proposed terms and conditions.

8.4 When a sponsorship results in Lockheed Martin being offered anything of value (e.g., gifts, free tickets, opportunities to invite guests, etc.), the acceptance and use of such items by Lockheed Martin employees is not considered a business courtesy. However, if Lockheed Martin chooses to extend the things of value externally to business relations, the extension would be a “business courtesy” subject to the relevant section(s) of this policy.

## **9.0 Business Courtesy & Sponsorship Approval and Exception Requests**

9.1 Lockheed Martin employees seeking to accept or provide a business courtesy exceeding a limit found in this policy or the [International Hospitality Rules](#) must submit a request as soon as possible to allow sufficient time for review. The request should include specific details about the business courtesy, including:

- The individuals involved;
- The type of business courtesy;
- The fair market value of the business courtesy; and
- The place or situation in which the business courtesy has or will be offered.

9.2 Lockheed Martin employees seeking to provide a sponsorship not meeting the requirements of [section 8](#) must submit a request with sufficient facts and information to evaluate the opportunity.

9.3 Employees who are on the Lockheed Martin Intranet should submit requests using the online [CPS-008 sponsorship and gift exception request tool](#). Lockheed Martin employees without access to the Lockheed Martin Intranet should complete a [CPS-008 sponsorship and gift exception request form](#) and submit in accordance with the instructions on the form.

9.4 Appropriate Ethics Officers and/or legal counsel will review the request and notify the requestor of approval or denial. Some requests may require additional levels of approval; these approvals will be handled by the Ethics Office and/or Legal.

## **10.0 Deviations**

Any deviation from this policy requires the prior approval of the Owner listed in [Lockheed Martin Command Media Central](#) or designee.

//s// Leo S. Mackay, Jr.  
Senior Vice President Ethics and Enterprise Assurance