## Contents

- Chief Executive’s message 1
- Introduction 2
  - Quick start guide 3
  - Our responsible decision-making model 4
- Before the training 5
- During the training 6
- After the training 7
- Scenarios 8 – 14
  1. For the good of the team 9
  2. Keep it in the family 10
  3. Under pressure 11
  4. A simple solution 12
  5. Transition troubles 13
  6. Everyone else’s problem 14
- Notes 15

Your enclosures  Inside back cover
Chief Executive’s message

Welcome to the Business Conduct Training 2016

We are committed to being a leader in business conduct. Ethical business conduct is a fundamental element of what makes BAE Systems a company we are all proud to work for.

We have all worked hard to build a reputation as a responsible and ethical business. Our challenge is to maintain those same high standards of business conduct going forward.

We all face challenges in the workplace. I encourage you to take the opportunity provided by this training to talk through those challenges, and consider how they might be overcome. Treat today as a moment to reflect on how you and your team work together. The scenarios contained in this training are designed to start discussions on the actual concerns we face in our working lives.

Many of the decisions we face are complex, and sometimes it feels like there is no right answer. Wherever possible, take the time to reflect on those difficult decisions. It may be that, on occasion, the single best thing you can do is to speak up and ask for help. I am personally committed to creating an environment in which people can raise issues without fear of retribution, and in the knowledge that their concerns will be fully looked into.

Our business conduct really matters to me, and to all of my leadership team. A reputation for behaving ethically is hard-won and easily lost. The success of our Company depends on not just what we do, but how we do it. And so I urge you all to take full advantage of this session to raise the issues that are important to you, and to all of us.

Thank you, and enjoy the training.

Ian King
Chief Executive
As a BAE Systems line manager you play a key role in leading the Business Conduct Training 2016, which every employee across our global business will complete.

This face-to-face training will examine the conduct expected of us all, as well as highlighting behaviours that cause concern. The training is designed to help stimulate conversations around ethical issues and should be seen as an ongoing exercise. The training contains scenarios covering a number of specific themes, such as respect in the workplace and speaking up. Each scenario includes several areas for discussion. Our ability to make the right decision when faced with issues that are complex, ambiguous or difficult is critical to our success as managers, and to the success of our teams.

Why are we completing this training?

The training will help develop our ability to recognise and respond appropriately to business conduct issues, and shows us how our conduct has an impact on our business. Creating the right environment to generate open and honest discussions, where employees can share experiences and concerns, is key to the success of good business conduct. The training will encourage us to consider issues from different perspectives, and improve our ability to apply ethical principles and values to workplace concerns.
Quick start guide

Please follow the steps below in order to prepare and run your session.

**Before the training**

1. **Preparation**
   - Read the Leader’s guide.
   - Choose two scenarios (page 8).
   - Decide whether to use video or cards (page 5).
   - Book a room.

2. **Video/training cards**
   - Watch the scenarios yourself before running the training. See page 5 for the online address or use the training cards which are enclosed within this guide.

**During the training**

3. **Welcome**
   - Explain why we are doing the training (page 2).
   - Play the Ian King introduction, or read from page 1.

4. **Run your first training scenario**
   - Play the first video or read the card.

5. **Discuss the scenario**
   - Use the scenario summaries (pages 8–14) as a prompt.
   - Encourage the sharing of similar personal experiences.
   - Tips for a successful session are on page 6.

6. **Repeat for your second chosen scenario**

7. **Close the session**
   - Take any questions for follow up.
   - Note attendees for recording in the relevant learning management system.

**After the training**

8. **Record attendance**
   - See page 7.
We all want to do the right thing, and from time to time we are faced with making difficult decisions.

Our decision-making model is there to help us consider all the information when making complex decisions, and can be found on the training cards at the back of this guide. Introduce the model, and use it when considering the scenarios.

Our responsible decision-making model

**Gather the facts**
- Gather the relevant information
- Determine what other information you may need and where to find it.

**Understand the rules**
- Check you’ve read and understood the Code of Conduct, Company policies and procedures
- Laws and regulations, contract language
- Industry standards and practices.

**Consider the situation**
- Think about: accountability, honesty, integrity, openness and respect
- Team, cultural and personal values
- How the situation affects others and how it may be perceived.

**Validate with others**
- Speak to your Line Manager or someone else in your management structure
- Consult with local Ethics Officers, Human Resources or Legal
- Use the Ethics Helpline.
Before the training

This guide contains the information you need to deliver the training and record your team's attendance.

Preparation
Before starting:
- Familiarise yourself with the scenarios, the content of this Leader’s guide and the quick start guide on page 3
- Use the enclosed copy of the quick start guide to prompt you during the training
- Depending on the numbers attending your session, you may wish to break into smaller groups to discuss the scenarios
- If you’re using the training cards or other reference materials, consider if you’ll need additional copies.

Book a location to run the training. You may wish to run this session in your normal work environment or as part of a regular team meeting.
- If you’re using video, book a room with a screen
- If you’re using training cards, are additional photocopies required?
- The session should take approximately 30 minutes.

Sharing the scenarios
Select two of the six scenarios to share with your team.
Decide on whether to share the scenarios as videos or using the training cards enclosed.

Using videos
Subject to your locally agreed delivery method, options for running videos are:
- Internet: baesystems.com/businessconducttraining2016

Using training cards
If you are using training cards to support your session, these are enclosed at the back of this guide.

Supporting resources
- Ensure you have enough copies of training materials, included in the back of this guide
- Confirm access and connectivity to training videos via the online links. If you are experiencing difficulty playing the videos, contact your local IT helpdesk
- Where you have local network connectivity issues, consider downloading a local copy of the videos, or use the training cards enclosed
- Prepare a list of attendees for future recording of training completion (see page 7).
What makes a successful session?
The training should encourage active participation and discussions focused on ethical business conduct. To support a positive learning environment:

- Familiarise yourself with the training materials
- Ask open-ended questions
- Encourage reflection on the scenarios provided and participants’ experiences
- Focus on what each team member is saying
- Resist the urge to critique responses
- Encourage participation from team members who might not ordinarily contribute
- Try to prevent any single team member dominating the discussion
- Be a good and active listener
- Remember, effective leaders do not need to be experts on every subject
- You may not have all the answers – knowing who to ask is often enough
- Try to use your own experiences to help bring the material to life and demonstrate how it relates to your environment.

Delivering the session
Welcome and open the session: Explain why this session is important to you and your team. The training:

- Develops our ability to recognise and respond appropriately to business conduct issues
- Demonstrates how our conduct has an impact on our business
- Helps create the right environment to generate open and honest discussions, where the group can share experiences and concerns
- Encourages us to consider issues from different perspectives, and improves our ability to apply ethical principles and values to workplace concerns.

Play: Run the online introduction or read out Ian King’s message (see page 1).

Run scenarios: For your chosen scenarios, either watch the video or use the enclosed training cards. If using cards you can:

- Read the card aloud, or ask a volunteer to read the card
- Share the cards with the team members to read (ensure you print enough copies).

Discuss scenarios: After watching the video or reading the card, discuss the scenario:

- Use the questions and key learning points for the relevant scenario (pages 8 – 14) or the training cards to support discussion
- Ensure scenario themes and key learning points are identified
- Encourage your team to share any relevant personal experiences, allowing time for discussion.

Repeat for your chosen second scenario.

Close the session: Summarise the session:

- Address any questions raised, and confirm the process for unanswered questions
- Provide a reminder of the support available:
  - Line Manager – Ethics Officer
  - Human Resources – Ethics Helpline
- Ensure you have a note of those in attendance for recording purposes
- Thank your team for contributing.
After the training

Recording the training
After the session, it is the responsibility of each leader to record attendance using the below methods:

- UK (P&S businesses, Head Office and BAESSA): via SuccessFactors
- All other businesses: via locally agreed routes.

Further support on recording completion of training is available locally, through business points of contact. You will find details of the dedicated intranet/internet pages on page 5 of this guide.

Following up
Finally, follow up on any outstanding questions from your team and obtain feedback.
Choose two scenarios to share with your team.

### Scenario 1
**For the good of the team**
An employee’s password is shared with a colleague who then uses it improperly, leading to serious consequences.

- **Theme**: Protecting Company and personal information, Insider threat, Importance of process.
- **Character**: Mike, a contractor; Steve, an employee; Sarah, a colleague; Craig, the team manager.
- **Environment**: In the office.

### Scenario 2
**Keep it in the family**
Concerns are raised with a line manager interviewing a relative for a vacancy.

- **Theme**: Conflicts of interest, Retaliation.
- **Character**: Peter, an employee; Simon, a manager.
- **Environment**: Inside and outside the office.

### Scenario 3
**Under pressure**
An employee is not sure whether to report an incident as the site approaches a key milestone.

- **Theme**: Reporting an incident, Personal pressure, Personal safety.
- **Character**: Andrew, an employee; Marie, the local safety representative; Mick, a colleague.
- **Environment**: Outside the office.

### Scenario 4
**A simple solution**
Trying to meet a customer need leads to additional risks.

- **Theme**: Performance pressure, Product safety.
- **Character**: John, a manager; Sanjay, an engineer.
- **Environment**: Inside and outside the office.

### Scenario 5
**Transition troubles**
A new employee is treated unprofessionally by several employees on the team.

- **Theme**: Intimidation and harassment, Respect in the workplace, Retaliation.
- **Character**: Abby, a new employee; Joe, an employee; Charlie, an employee; Ted, the manager.
- **Environment**: Inside and outside the office.

### Scenario 6
**Everyone else’s problem**
A manager under stress makes unreasonable demands from his team.

- **Theme**: Working with others, Respect in the workplace, Challenging workplace culture/behaviour.
- **Character**: Stuart, the manager; Evelyn and Yvonne, employees; Julian, an employee.
- **Environment**: Inside and outside the office.

Scenarios are available as videos on the global intranet and on our external website via the following links:

- **Intranet**: Global Intranet > Corporate Responsibility > Business Conduct Training 2016
- **Internet**: baesystems.com/businessconducttraining2016
Scenario 1
For the good of the team

Description
An employee’s password is shared with a colleague who then uses it improperly, leading to serious consequences.

Theme
- Protecting Company and personal information
- Insider threat
- Importance of process

Characters
- Mike, a contractor
- Steve, an employee
- Sarah, a colleague
- Craig, the team manager

Environment
In the office

After watching/reading the scenario, use the following questions to encourage discussion:

- What are the key issues in this scenario?
- What might you have done in Steve’s position?
- What resources are available to help you to consider this situation?

After your team has shared their discussion points, ensure the following key learning points have been covered:

- Information is one of our Company’s most important assets. If you had a pile of the Company’s money, you wouldn’t leave it just sitting on your desk. Think of a password as if it were as valuable as cash: protect it and keep it safe.

- Don’t share passwords, even with people you trust. Your password is your electronic fingerprint. Once someone else knows your password, it is no longer in your control. When that happens, you can’t ensure the security of the information the password protects.

- As well as potentially leading to damage to the Company, sharing your password could lead to you being open to disciplinary proceedings.

Further resources:
- Code of Conduct, 2.7 – Use of Company Information Technology;
- IT Acceptable Use policy;
- Security policy;
- Communications policy.
Concerns are raised with a line manager interviewing a relative for a vacancy.

### Theme
- Conflict of interest
- Retaliation

### Characters
- Peter, an employee
- Simon, the manager

### Environment
Inside and outside the office

---

**After watching/reading the scenario, use the following questions to encourage discussion:**

- What are the key issues in this scenario?
- What might you have done in Simon’s position? What about Peter’s?
- Who could Peter discuss this with?
- What resources are available to help you to consider this situation?

---

**After your team has shared their discussion points, ensure the following key learning points have been covered:**

- Conflicts of interest can arise when personal interests influence decision-making at work.
- Even the perception of a conflict of interest can cause problems. Ask yourself if someone else could look at the situation and get the wrong impression?
- Transparency is key to resolving any problems. Simon should disclose the potential conflict to his manager and remove himself from the selection process. By removing himself from decision-making roles, he removes any possible perception of a conflict of interest.
- Peter should be aware of how to report a concern. If we observe inappropriate or unacceptable behaviour, we should do something about it. This may mean talking to the person or people involved; discussing the matter with our line manager; seeking specific advice from one of the many resources available, or reporting the matter confidentially through the Ethics Helpline.
- Our Legal and Human Resources departments can provide guidance on the Conflicts of Interest Register.

**Further resources:**

- Code of Conduct, 1.2 – Company Commitment;
- Code of Conduct, 2.12 – Conflicts of Interest;
- Conflicts of Interest policy;
- People policy.
Scenario 3
Under pressure

After watching/reading the scenario, use the following questions to encourage discussion:

- What are the key issues in this scenario?
- What might you have done in Andrew’s position? What about Marie and Mick?
- What is your view on Marie’s advice?
- What resources are available to help you to consider this situation?

After your team has shared their discussion points, ensure the following key learning points have been covered:

- Safety is of fundamental importance. If something goes wrong, we need to know about it so that the appropriate measures can be taken.
- The Company commits that its leaders, managers and supervisors will act with integrity, promote ethical conduct, and foster an open work environment in which employees are encouraged to raise questions or concerns without fear of retaliation or retribution.
- The need to report incidents does not change if there’s a celebratory milestone coming up. Any incident must be reported no matter the surrounding events – employee safety is fundamental and learning from the experience may prevent a reoccurrence.
- Everyone has a responsibility to report any incidents they are aware of. This is a wider point than safety. We should speak up if we see something wrong in any area of the business. The standard we walk by is the standard we accept.
- Consider conflicts of interest when using external suppliers.

Further resources:

- Code of Conduct, 2.2 – Health and Safety;
- Code of Conduct, 2.12 – Conflicts of Interest;
- Conflicts of Interest policy;
- Health and Safety policy.
After watching/reading the scenario, use the following questions to encourage discussion:

- What are the key issues in this scenario?
- What situation might require deviation from procedure?
- What might you have done in Sanjay’s or John’s position?
- What resources are available to help you to consider this situation?

After your team has shared their discussion points, ensure the following key learning points have been covered:

- We work in a demanding and fast paced environment. If a customer expects performance that cannot be met under the terms of the contract, the issue should be escalated to the appropriate senior manager who can help to address these concerns. While it may be easier to avoid the issue and not make waves, failing to act is inconsistent with our Company’s principles.

- All expenditures, transactions and hours worked must be charged accurately and in a timely manner. Even relatively minor mischarging creates a false impression of how much effort is being spent on various tasks and makes it difficult to plan for future activities.

- Managers have a responsibility to assist employees in difficult situations. By doing so, trust is built up between both employees and customers. By working together to address problems, we hold each other accountable and we come to agree upon solutions.

- Acting ethically is a long-term commitment. Our relationships with each other and with our customers require work to build and maintain a mutual level of respect and trust.

Further resources:

- Code of Conduct, 2.2 – Health and Safety;
- Code of Conduct, 2.6 – Recording of time, costs and materials;
- Health and Safety policy; Finance policy; Fraud Prevention policy; Document Creation, Retention and Destruction policy; Local Expenses policy.
Scenario 5
Transition troubles

Description
A new employee is treated unprofessionally by several employees on the team.

Theme
- Intimidation and harassment
- Respect in the workplace
- Retaliation

Characters
- Abby, a new employee
- Joe and Charlie, employees
- Ted, the manager

Environment
Inside and outside the office

After watching/reading the scenario, use the following questions to encourage discussion:

- What are the key issues in this scenario?
- What might you have done in Abby’s position?
- What resources are available to help Abby resolve this situation?
- What might Ted do differently in this situation?

After your team has shared their discussion points, ensure the following key learning points have been covered.

- Bullying is a pattern of behaviour that intimidates, offends, degrades, or humiliates a person or group of people. It’s a persistent use of offensive behaviour that gradually undermines a person’s self-esteem and confidence. Bullying behaviour doesn’t affect only the individuals it is directed toward, but can divide work teams, damage morale, prevent communication and damage productivity.

- Bullying, abusive, humiliating or intimidating behaviour is never acceptable and it goes against our Company’s principles. It is our responsibility to treat others with respect and understanding, and in ways that demonstrate that we value the views and opinions of all of our colleagues.

- Everyone should speak up if they feel someone is being treated in an unprofessional manner and should report their concerns to management, Human Resources or the Ethics Helpline, so the Company can address and resolve the matter.

- New starters require support and guidance from their line manager and team. Where genuine performance issues are identified, highlighting to the individual and/or speaking with your line manager can help.

Further resources:
- Code of Conduct, 2.1 – Inclusive workplace behaviour;
- People policy.
Scenario 6
Everyone else’s problem

After watching/reading the scenario, use the following questions to encourage discussion:

► What are the key issues in this scenario?
► What might you have done differently in Evelyn’s and Yvonne’s position? What about Stuart?
► Who can Evelyn and Yvonne discuss this with?
► What resources are available to help you to consider this situation?

After your team has shared their discussion points, ensure the following key learning points have been covered:

► Ethical business conduct starts with how we treat each other. Our culture depends on all of us treating each other with dignity and respect, regardless of the stress or pressure we may feel we are under.
► In an open culture, everyone should feel comfortable speaking up and challenging what is occurring in the workplace, raising concerns and asking questions. Our Company has a number of routes available for raising concerns, including via line management, Human Resources and the Ethics Helpline. When employees speak up, we become aware of issues at an earlier stage and are more likely to be able to resolve them.
► We should all listen to employees’ concerns in a supportive manner. Receiving constructive criticism about the manner in which you work or the methods you use is not always easy; however, we all have a responsibility to promote ethical and professional behaviour that is in line with our values and principles.

Further resources:
► Code of Conduct, 2.1 – Inclusive Workplace Behaviour;
► People policy;
► Employee Assistance Programme.
Please find your enclosures here

Scenarios are available as videos on the global intranet and on our external website via the following links:

- **Intranet**: Global Intranet > Corporate Responsibility > Business Conduct Training 2016
- **Internet**: baesystems.com/businessconducttraining2016
Thank you for supporting the Business Conduct Training 2016. This training is part of the Company essential learning.

Should you wish to provide feedback please contact the Corporate Responsibility team by emailing us: code.feedback@baesystems.com