

GENERAL DYNAMICS

Manager's Toolkit

A Guide to Help Managers Lead Ethically and Effectively



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How to Use The Manager's Toolkit

This **Toolkit** has been created to provide practical suggestions on how to lead your employees, your crew, or your direct reports in a manner that is consistent with the Business Ethics Principles set forth in the General Dynamics *Standards of Business Ethics and Conduct* handbook, also known as the “Blue Book.”

As a manager, you are responsible for ensuring that all work activities are performed with the highest level of integrity. You are the organization's **ethics leader**. You hold General Dynamics' reputation, established through many years of ethical service, in your hands. It is your **ethics leadership**, exercised through your example, that will protect the company as we move forward in serving our customers, our shareholders, our fellow employees, our communities, and our countries.

The Toolkit is divided into sections:

- The General Dynamics Business Ethics Principles
- The Role of the Manager as Ethics Leader
- Talking about Ethics with your Employees
- The Good Listener
- Introduction to The General Dynamics Ethical Decision Making Model
- Resources to Help with Questions or Concerns
- The General Dynamics Ethics Helpline
- What Managers Need to Know about Confidentiality and Anonymity
- Avoiding Retaliation

Each section contains helpful suggestions on how to perform your role as an **ethics leader** at General Dynamics. At the bottom of each section is a Key Message that sums up the contents of the section.

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The General Dynamics Business Ethics Principles

We are in business to earn a fair return on behalf of our shareholders

- **Use Assets Wisely**
 - How we manage assets reflects our personal values, our company's values, and determines our ability to earn a fair return.
- **Offer a Fair Deal**
 - We offer the best products at a reasonable price.
 - We make hard decisions and tackle tough choices.
 - How we go about making these decisions reflects our values.
- **Deliver on Promises**
 - We are people of our word -- we deliver on our promises.
 - We are responsible to our stakeholders and earn their trust everyday.
- **Earn a Fair Return**
 - Our reputation is based on our ability to use our values to generate profits.
 - As we deliver on our promises, we must contract for a fair return.

Our Business Conduct reflects our Business Ethics Principles

As a manager, you are responsible to follow the Business Ethics Principles in every aspect of your work. Also, as an **ethics leader** at General Dynamics, you are responsible for ensuring that those who report to you also follow these principles.

Although they are simply stated, the Business Ethics Principles are wide-ranging in scope. You should become familiar with the principles and refer to them when making decisions. You may be surprised how often these standards will suggest solutions to the ethics issues you confront in your daily work. They are a valuable tool.

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The Role of the Manager as **Ethics Leader**

When you became a manager, your job changed dramatically. No longer were you simply a technician working in your chosen field of expertise. Suddenly, you became an **ethics leader**; one to whom others would look for guidance, direction, and support.

Consider these facts:

- During the week, your employees may spend more time interacting with you than they do with their own families.
- Research has shown that a leading cause of employee dissatisfaction and turnover is related to poor relationships with direct supervisors. Put another way, “people don’t quit companies, they quit managers.”
- Human beings tend to defer to people holding positions of authority to the extent that they will do things, even things they believe are wrong, simply because their manager told them to do so.
- Employees are keen observers of their managers’ behaviors. They tend to adopt the tone and culture--good or bad--demonstrated by their direct supervisor.
- Employees are especially mindful of how their managers act with respect to matters involving compliance and ethics. A manager who talks about ethical behavior, but fails to practice it, sends a conflicting message. Similarly, a manager who fails to mention the importance of ethics in the workplace sends the message that ethics does not matter.



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The Role of the Manager as **Ethics Leader** (continued)



At General Dynamics, it is your job to reinforce the importance of ethical leadership.

Suggestions on how to communicate the importance of ethics to your employees include:

- Take the initiative to talk about ethics matters openly and often, making ethics a topic at staff or crew meetings with a “How would you handle this situation?” discussion. This is a great way to reinforce the message.
- Invite and welcome questions and concerns expressed by your employees.
- Express how important ethical behavior is to you personally.
- Examine every action you take against an “ethical mirror;” are your actions reflecting the highest standards of ethics to your employees?
- Understand that as a manager, ethics questions from employees are opportunities for you to demonstrate ethical leadership.

Key Message: Employees will follow where you lead. Choose the right direction.



Talking About Ethics with your Employees

Many people are hesitant to talk about ethics issues. Ethics opinions and views are often personal and deeply held, and many of us prefer not to share them with others. As a manager and **ethics leader**, however, part of your job is to hold regular ethics conversations with your employees. Here are some suggestions on how to talk about ethics with the employees who report to you.

- **Say the words.** Many people feel uncomfortable talking about ethics and the importance of acting ethically in our daily work. As the **ethics leader**, you must put any discomfort aside and talk openly about ethics.
- **Make it interesting.** Ethics is not simply a dry set of rules. Ethics issues are often the most complex and interesting situations we tackle in our work. And they have some of the most profound consequences. If you, the **ethics leader**, show an interest in these issues, those who follow you will do the same.
- **Set aside the time to talk about ethics.** Devote a section of every staff or crew meeting to a short discussion of ethics issues. This is a good way to introduce the concept of “Ethics in the News,” discussed on the following page.

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Talking About Ethics with your Employees (continued)

- **Find examples of “Ethics in the News.”** Many, if not most, news stories contain ethics issues. Begin reading the news with the goal of using stories of real life events as conversation starters with your employees. Once you start reading the news through your “ethics lens,” you will be surprised how many stories illustrate how others have faced and resolved ethics issues—both rightly and wrongly. As you find relevant new stories, clip them from the paper, or print them out from online sources for use in upcoming meetings with your reports.
- **Identify and recognize ethical actions by your employees.** Once you begin looking at the world through your ethics lens, it is easy to find examples of people acting with high integrity every day. Properly creating business records. Performing an inspection to exacting standards. Telling the truth to a customer, even when it’s bad news. The vast majority of General Dynamics employees act with integrity every day. As a manager, take notice of and praise those whose actions reflect ethical behavior. Publicly celebrate their ethical successes, because they are also yours.
- **Describe your own actions in ethical terms.** When you take an action or make a decision in the work place, find a way to describe it in ethical terms. For example: “I thought doing “x” was the right thing to do because . . . “ Invite others to ask questions or challenge your decisions. Ethical actions are those that can withstand close examination.

Key Message: Make Ethics a Regular Part of Your Conversation

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The Good Listener

When an employee comes to you with an ethics concern, you must assume the role of the good listener. Although being a good listener sounds simple, it is more complex than most people imagine. It is especially difficult for many supervisors—they are used to speaking and giving directions to employees. That role changes dramatically, however, when an employee raises a concern. You, the supervisor, must develop your reputation as a good listener. This will determine whether or not employees come forward at an early stage, when you can positively influence the outcome, or not until a late stage, after an ethics or compliance problem has already occurred.

So, what then are the basic listening skills? Consider the following:

- **Set the employee at ease.** Do not act annoyed or worried that they have brought you a problem. There is an old saying, but it's true: Good managers welcome bad news. Be that manager.
- **Don't talk. Listen.** This is hard. Allow the employee to tell you their story without interruption. Speak only to make sure you understand the facts or to ask clarifying questions.
- **Remain calm.** The employee's concern may be relatively minor or it may be very serious. Employees bring forward to management a wide variety of issues, often unexpected. You must be prepared to accept virtually any news—no matter how bad it might be—professionally and calmly.
- **Do not blame the employee.** Even when employees are confessing wrongdoing, your first job is to determine what the facts are, not to assign blame or berate the messenger. Once you assign blame, an employee is less likely to share information with you.

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The Good Listener (continued)

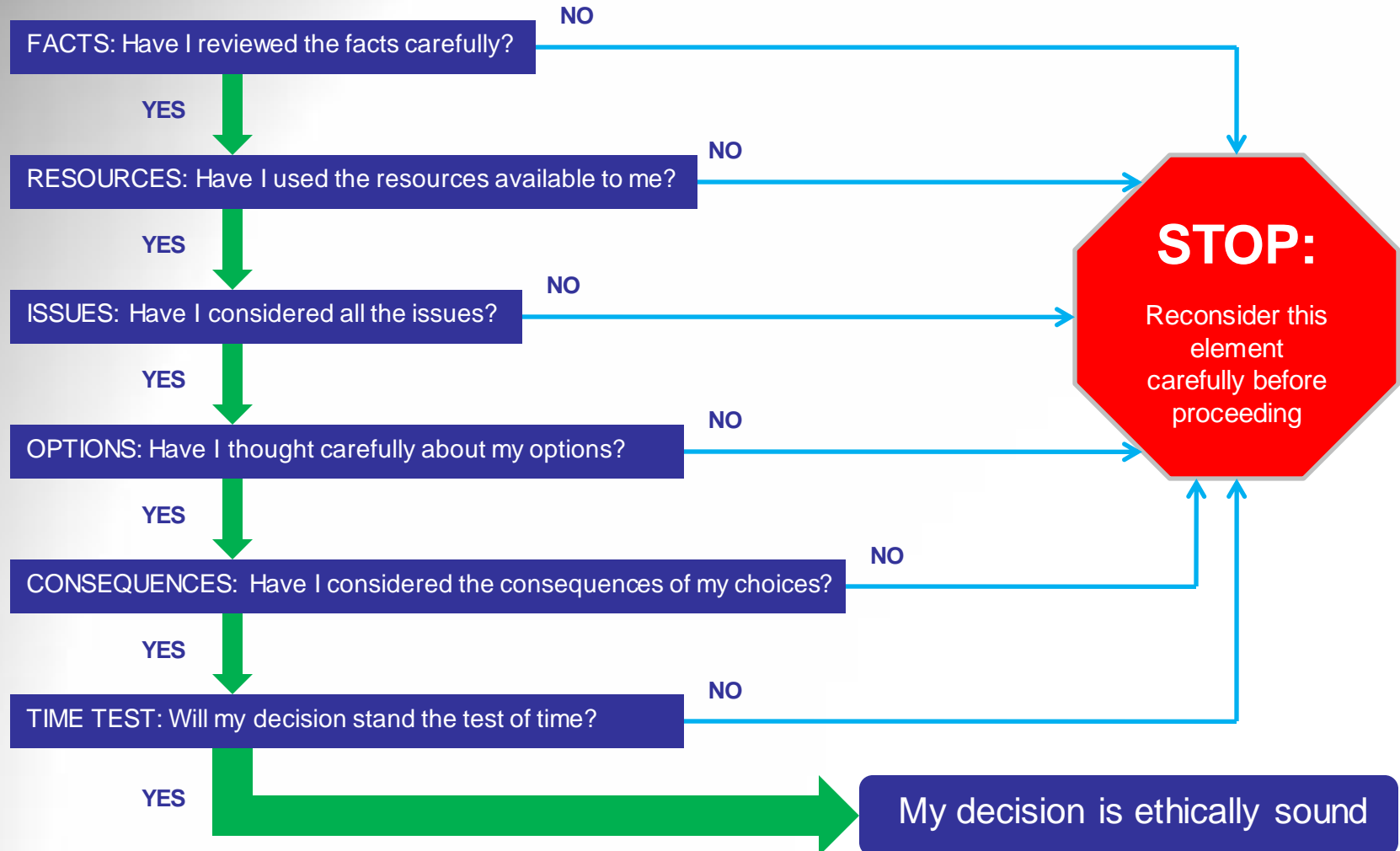
- **Give the employee your undivided attention.** Put away your mobile phone or Blackberry. Do not check your email while the employee is talking. Ideally, move to a place where you can sit with the employee without any distractions—a table in your office, a conference room, or some other place where you can avoid interruption.
- **Repeat back to the employee your understanding of what they have told you.** This is a crucial step in ensuring that both you and the employee agree on the facts of the matter. It also allows you to reflect on what they have told you.
- **Avoid making snap judgments.** Even if you believe you know what the right answer might be to the employee's dilemma, do not rush to give your opinion. You may think the issue and the resolution are simple, but obviously the employee did not; that's why he or she came to you. Take some time to think about the problem before offering your opinion.
- **Document what you have learned.** Keep a detailed, written record of what the employee told you and how you responded. Note the date and time of your conversation.

Key Message: Listening is one of a leader's most vital skills; learn how to do it effectively

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Ethical Decision-Making Model

Help employees think through ethical dilemmas using the model below.



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Resources to help with Questions or Concerns

General Dynamics has high ethical standards for conducting our business. If someone suspects there has been a violation of our standards, we want to hear about it, so that we can investigate and, if necessary, correct any problems.

There are numerous resources available to assist employees and managers with ethics or compliance questions or concerns about potential misconduct. Make sure your employees know these resources are available to help them at any time.

- Direct Supervisor or another member of management
- Business Unit Ethics Officer or local ethics office representative
- Human Resources
- Environmental, Safety and Health
- Security
- Finance or Internal Controls
- Legal
- The General Dynamics Ethics Helpline is also available as a resource to ask questions, seek guidance, or report suspected misconduct.

Key Message: Know the resources available to you and your employees – and use them

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The General Dynamics Ethics Helpline

General Dynamics has teamed up with EthicsPoint, a third-party provider of helpline services, to administer the General Dynamics Ethics Helpline. As an **ethics leader**, you need to understand how the Helpline works.

- Employees, customers, vendors, or anyone else may contact the General Dynamics Helpline, either by telephone or via the internet. It is available 24 hours a day, 7 days a week.
- The Helpline accepts reports in more than 30 different languages, allowing all employees to make reports in their own languages.
- EthicsPoint is an independent third-party company, not a part of General Dynamics.
- The Helpline permits employees to file confidential reports or to remain anonymous (where permitted by local law)
- As a manager, you should not interfere with or try to dissuade your employees from using the Helpline. It is a tool provided by the company and employees have a right to use it without concerns about retaliation.
- You are not entitled to be informed about the nature of calls to the Helpline made by your employees. All contacts are confidential.

Key Message: The Helpline is a tool to help employees – and you



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What Managers Need to Know About Confidentiality and Anonymity

It is important for managers to know the difference between confidentiality and anonymity with respect to ethics and compliance matters reported to the General Dynamics Helpline. This tool is administered by our third-party Helpline provider, EthicsPoint.

Although General Dynamics encourages employees to seek help and advice from their managers as a first resource, employees also have the option of using the Helpline. The Helpline allows employees the option of submitting a question or a concern by telephone or via the web. As a manager, you need to be familiar with how the Helpline works. *It is also very important for you to realize that an employee's decision to use the Helpline instead of coming to you is not a negative reflection on your abilities as a manager.* It is simply an alternative communication channel available to employees.

Contacts made via the Helpline are treated as **confidential**. This means that the identity of the reporting party will be protected to the greatest extent possible, consistent with our legal obligations and policies. The only people who will learn the identity of the reporter will be those who have a need-to-know in order for a thorough investigation to be conducted. Thus, if one of your employees calls the Helpline to report a concern and an investigation is begun, *you will not necessarily be informed who made the Helpline report, nor should you make any effort to discover the identity of the employee who made the report.* You also will not be entitled to know the details of the investigation into an issue, just because it was reported by one of your employees. The Helpline is set up in this way so that employees feel free to come forward without revealing their identities to anyone other than the Helpline staff or the Ethics Department.

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What Managers Need to Know About Confidentiality and Anonymity (continued)

In some countries, anonymous Helpline reports are discouraged or prohibited by local law, but where it is permitted, the Helpline also allows people to make **anonymous** reports. This means that no one, not even a person who takes a call through the Helpline, knows the identity of the person making the report. No efforts are made to trace the call or email account from which the report is made. This option is available to any person who chooses to use it. When an anonymous report is made to the Helpline, the matter is assigned a “Report Key” (a series of numbers) and a password. Thereafter, the caller can use his or her Report Key and password to supply further information about the matter or to check on its status. If necessary, the General Dynamics Ethics office can communicate with the anonymous reporter by leaving messages on the secure website administered by EthicsPoint. The reporter may access messages from the company by logging in to his or her report using the Report Key and password, but without revealing his or her identity. The goal of the anonymous reporting feature is to ensure employees the highest possible level of personal security and freedom from worry should they choose to make reports about sensitive issues.

Certain countries, notably those in the European Union, have laws and regulations that affect the administration of the company’s Ethics Helpline. In those countries, rules are in effect to protect confidentiality and data privacy in ways that may be slightly different from the description above. When an employee who works in one of those countries, or has a report to make about an issue in one of those countries, contacts the Helpline, he or she will receive information about how his or her Helpline report is to be handled.

Key Message: The Ethics Helpline allows issues to be raised confidentially or anonymously. Understand the difference, so you can explain it to employees.



Avoiding Retaliation

The General Dynamics Blue Book states:

“General Dynamics will not retaliate against any person who brings to our attention in good faith an ethics or compliance issue. Individuals who raise concerns or who help us resolve reported matters are protected against retaliation. Anyone who uses the ethics and compliance program to spread falsehoods, threaten others, or damage another’s reputation will be subject to disciplinary action.”

Discouraging other employees from making a report or getting the help they need is prohibited and could result in disciplinary action.”

Retaliation is the enemy of high-integrity organizations. Fear of retaliation is the single greatest reason that employees fail to come forward when they confront an ethics issue. Because this leads to ethics failures, it is in your interest as an **ethics leader** to ensure that your employees do not suffer or fear retaliation for raising ethics or compliance issues.

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Avoiding Retaliation (continued)

What is retaliation and how can it be avoided?

We all understand the basic concept of retaliation: it is the practice of “getting even” with a person who we feel has harmed or wronged us in some way. In a workplace setting, retaliation against a person who has filed an ethics or compliance issue can range from overt acts taken against the individual to far subtler forms. Some actions that may be deemed retaliatory include:

- Firing or disciplining the employee who raised the issue
- Lowering a performance review because the employee reported an issue
- Reassigning or transferring the employee who raised the issue to a less desirable job or less desirable working conditions
- Making it more difficult for the employee who raised the issue to do his/her job effectively
- Punishing the employee by giving him or her the “cold shoulder” or treating him or her as an outcast in the organization.

As a manager, you are prohibited from retaliating against anyone. You are also responsible for the actions of the employees who report to you. This includes preventing them from retaliating against one another, should one of them raise an ethics issue or cooperate with an investigation. If you observe retaliation in your organization, you must act quickly and decisively to end it.

Key Message: Understand, avoid, and prevent retaliation