

**SUBPART 203.70—CONTRACTOR STANDARDS OF CONDUCT**

**203.7000 Policy.**

Government contractors must conduct themselves with the highest degree of integrity and honesty. Contractors should have standards of conduct and internal control systems that—

- (1) Are suitable to the size of the company and the extent of their involvement in Government contracting,
- (2) Promote such standards,
- (3) Facilitate timely discovery and disclosure of improper conduct in connection with Government contracts, and
- (4) Ensure corrective measures are promptly instituted and carried out.

**203.7001 Procedures.**

- (a) A contractor's system of management controls should provide for—
  - (1) A written code of business ethics and conduct and an ethics training program for all employees;
  - (2) Periodic reviews of company business practices, procedures, policies, and internal controls for compliance with standards of conduct and the special requirements of Government contracting;
  - (3) A mechanism, such as a hotline, by which employees may report suspected instances of improper conduct, and instructions that encourage employees to make such reports;
  - (4) Internal and/or external audits, as appropriate;
  - (5) Disciplinary action for improper conduct;
  - (6) Timely reporting to appropriate Government officials of any suspected or possible violation of law in connection with Government contracts or any other irregularities in connection with such contracts; and
  - (7) Full cooperation with any Government agencies responsible for either investigation or corrective actions.
- (b) Contractors who are awarded a DoD contract of \$5 million or more must display DoD Hotline Posters prepared by the DoD Office of the Inspector General unless—
  - (1) The contract will be performed in a foreign country; or

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(2) The contractor has established an internal reporting mechanism and program, as described in paragraph (a) of this section.

#### **203.7002 Contract clause.**

Use the clause at 252.203-7002, Display of DoD Hotline Poster, in solicitations and contracts expected to exceed \$5 million, except when performance will take place in a foreign country.