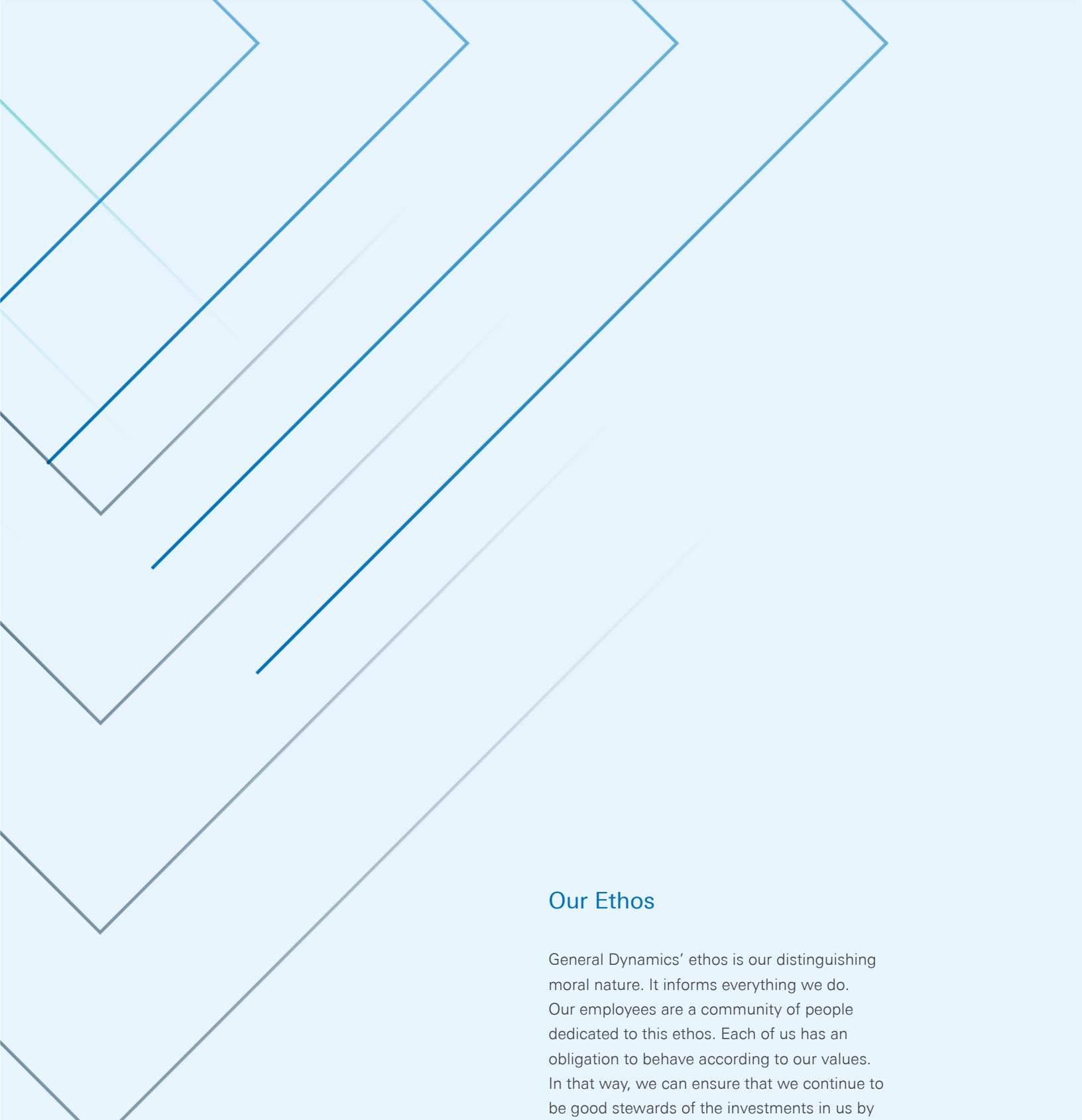


# Corporate Sustainability Report



**GENERAL DYNAMICS**



## Our Ethos

General Dynamics' ethos is our distinguishing moral nature. It informs everything we do. Our employees are a community of people dedicated to this ethos. Each of us has an obligation to behave according to our values. In that way, we can ensure that we continue to be good stewards of the investments in us by our shareholders, customers, employees and communities, now and in the future.

Our ethos is rooted in four values:

**Transparency. Trust. Alignment. Honesty.**

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## Letter from CEO



To Our Shareholders:

We are pleased to present this Corporate Sustainability Report to you. Corporate Sustainability at General Dynamics is rooted in our Ethos - our defining moral character as a company - and we are proud of the commitment to our Ethos by our more than 100,000 employees worldwide. Our Ethos informs all we do and guides our company as we deliver value to our shareholders, customers and communities.

We value our ongoing dialogue with stakeholders regarding our sustainability program and its ongoing evolution. We remain committed to reducing our global environmental impact, protecting and promoting human rights, ensuring the health and safety of our employees and fostering mutually beneficial relationships with our communities. As with all aspects of our business, we strive to constantly improve, and our sustainability initiatives are no exception.

In this report you will see our Ethos manifest in our people and actions, with examples from across our businesses evidencing our commitment to good stewardship of the investments in us by our shareholders, customers, employees and communities. No matter how much our company or the surrounding landscape evolves, our Ethos remains constant and mandates us to act in a responsible and sustainable manner.

Thank you for your continued support of General Dynamics.

Sincerely,

A handwritten signature in blue ink, appearing to read "Phebe N. Novakovic".

Phebe N. Novakovic  
Chairman and Chief Executive Officer



Our Business

## Our Values at Work

Our ethos is our distinguishing moral nature and our employees are a community of people dedicated to this ethos. Each of us has an obligation to behave according to our values. In that way, we can ensure that we continue to be good stewards of the investments in us by our shareholders, customers, employees and communities, now and in the future.

**These values drive how we operate our business.** We relentlessly pursue operating excellence by innovating, improving our processes and reducing waste. We believe in being wise stewards of capital and resources, as informed by our values.

**These values govern how we interact with each other and our customers, partners and suppliers.** Transparency, trust, alignment and honesty require that we be forthright about our mistakes and that we strive to correct them. We seek partners and suppliers whom adhere to these values in their businesses and we hold them to that standard.

**These values guide the way we treat our workforce.** We believe we have a responsibility for the health and safety of our employees. We treat all of our employees with dignity and respect and provide them with fair compensation and equal employment opportunity. We stand behind basic universal human rights, including that employment must be voluntary. We oppose human trafficking in all forms.

**These values determine how we connect with our communities.** We believe that we have a responsibility to be good corporate citizens and we believe in sustainable business practices, which include supporting the environment and the communities in which we work.

## Business Overview

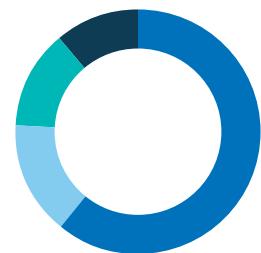
General Dynamics is a publicly traded global aerospace and defense company. We offer a broad portfolio of products and services in business aviation; combat vehicles, weapons systems and munitions; information technology (IT) services; C4ISR solutions; and shipbuilding and ship repair.

Our core competency is in the design, engineering and manufacturing of complex and differentiated solutions. We understand the importance of the solutions we deliver and work to ensure quality and safety in all things we create.

### General Dynamics at a Glance\*:

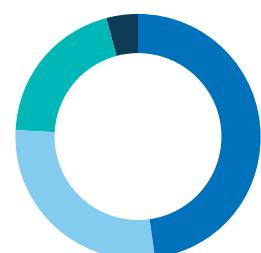
\* All data are as of December 31, 2017.

#### Customers (Percent of Revenue)



- 61% U.S. Government
- 15% U.S. commercial
- 13% Non-U.S. commercial
- 11% Non-U.S. Government

#### U.S. Government Customers (Percent of Revenue)



- 48% U.S. Navy
- 28% Other (Classified, FMS, Agencies, U.S. Marine Corps and Other)
- 20% U.S. Army
- 4% U.S. Air Force

Total Revenue: \$30.9 billion

Headquarters: Falls Church, Virginia

- › More than 98,000 employees
- › Employees in 67 countries

We have been recognized as a world-leading organization, to include:

- › Forbes Best Employers for Diversity List (Ranked #43 for 2017)
- › Fortune Blue Ribbon List (Ranked #15 for 2017)
- › Fortune 500 (Ranked #99 for 2018)
- › Global 500 (Ranked #345 for 2017)
- › Most Powerful Women (CEO Ranked #9 for 2017)
- › Woman Engineer Magazine (Named to the top 50 in 2017)
- › CAREERS & the disABLED (Named to the top 50 employers in 2017)

#### Our Businesses

We operate through ten business units:

##### Aerospace

Gulfstream: Gulfstream produces the world's most technologically advanced business jets and offers unmatched customer support.

Jet Aviation: Jet Aviation provides comprehensive business aviation services, custom completions and a global network of facilities for aircraft owners and operators.

##### Combat Systems

European Land Systems: European Land Systems is a global leader in the design and manufacture of wheeled and tracked vehicles and bridge systems.

Land Systems: Land Systems produces powerful military vehicles, including the Abrams tank, Stryker combat vehicles, LAVs and AJAX armoured fighting vehicles.

OTS: Ordnance and Tactical Systems provides weapons systems for naval, air and ground forces applications across all calibers and weapons platforms.

### **Information Technology**

Information Technology: GDIT designs, builds and operates enterprise information systems and provides a broad range of technical, professional and training services.

### **Mission Systems**

Mission Systems: Mission Systems is a leading C4ISR integrator of secure communications and command-and-control systems, sensors and cyber products.

### **Marine Systems**

Bath Iron Works: Bath Iron Works designs and builds guided-missile destroyers for the U.S. Navy and provides repair services for multiple Navy ships.

Electric Boat: Electric Boat is a premier submarine builder for the U.S. Navy.

NASSCO: NASSCO specializes in the design and construction of auxiliary and support ships, oil tankers and dry cargo carriers, and is a major provider of repair services for the U.S. Navy.

Each business unit has responsibility for its strategy and operational performance, providing the flexibility and agility needed to stay close to customers and perform on contracts to meet our commitments. This agility ensures we can make wise decisions, quickly. It also allows our businesses to anticipate, adapt and react to today's rapidly changing environment.

Our corporate headquarters is responsible for setting the strategic direction and governance of the company, the allocation of capital and promoting a culture of ethics and integrity that defines how we operate.

### **Continuous Improvement**

There is a deeply embedded culture of continuous improvement at General Dynamics. It's in everything we do. It's the driver that ensures our continued operational gains and advances in productivity and customer support. This culture enforces a shared commitment to move consistently toward the future and to embrace change.

Our employees are encouraged to think differently and bring new ideas to the table. It's a priority at all levels of our company, with every employee engaged in finding new ways to do things faster, better and more cost-effectively, and to push the boundaries of our potential. This attitude informs everything.

## Corporate Responsibility

We take seriously our commitment to corporate responsibility and conduct our business in a manner that is consistent with our values and our ethos. Our responsibility is to conduct business ethically, to provide our shareholders with a fair return and to fulfill our commitments to our customers. We work to incorporate this social responsibility into our decision making, including the services we provide and the products we design, develop, manufacture and maintain for our customers.

**Human Rights:** General Dynamics is vigilant in our watch against human rights violations. This is reflected in our company's ethos—with our commitment to respecting the dignity, rights and autonomy of others—and reinforced through employment, ethics and procurement policies designed to ensure protection against human rights abuses.

**Landmines and Cluster Munitions:** General Dynamics is not, to the best of our knowledge, involved in activities prohibited by the provisions of the two principal international accords related to landmines and cluster munitions, the Convention on Cluster Munitions ("CCM") and the Convention On The Prohibition Of The Use, Stockpiling, Production, And Transfer Of Anti-Personnel Mines And Of Their Destruction of September 18, 1997 ("Mine Ban Treaty").

Our primary customer is the U.S. government. We believe decisions about what types of weapons to buy, where to sell them and how to use them are inherently governmental responsibilities. In the past decade, the U.S. government has significantly altered its requirements away from weapons which may be characterized as land mines and cluster munitions.

**Conflict Minerals:** We are committed to responsible sourcing of minerals in our global supply chain. To this end, we work with our supply chain to trace potential sources of conflict minerals. We routinely conduct inquiries of our suppliers to identify potential use of conflict minerals.

In line with U.S. Securities and Exchange Commission (SEC) requirements, we submit a Specialized Disclosure Report and, when applicable, a Conflict Minerals Report. In our report to the SEC, we address our efforts to understand the presence of these minerals in our supply chain, including:

- › Surveying and working with our suppliers to identify the presence of conflict minerals in products that are supplied to us.
- › Engaging with many of our suppliers about the potential presence of conflict minerals in materials.
- › Introducing contractual terms and conditions as appropriate to urge suppliers to report responsibly.

Our most recent SEC disclosure and filing are published on our website: [www.gd.com/conflictminerals](http://www.gd.com/conflictminerals).

## Global Supply Chain

Our suppliers play a critical role in our ability to deliver the quality products and services our customers have come to expect. They help us fulfill our commitment to good corporate citizenship and sustainable business practices.

In addition, consistent with our company values, we expect our suppliers to honor our ethical treatment of employees and customers, including acting with integrity, honesty and respect for others. We consider our suppliers teammates and we take into account their needs in conducting our business.

### Company-wide Collaboration

Our businesses work together to create value across the supply chain. As a result, we have developed best-in-class supply chain relationships and processes. Following are examples of ways we ensure continuous improvement and enhance our company-wide collaboration:

**Supply Chain Management Council:** The Council includes experts from across our businesses that frequently meet to share ideas and best practices, business processes, and leverage resources and create shared tools. There are multiple subcommittees that focus on specific areas where we can improve and achieve cost- and time-savings, such as travel and transportation and use of e-tools.

**Innovation Networks:** Our virtual innovation networks allow members to collaborate in a community environment so we can deliver rapidly new technologies and innovative capabilities to our customers. Our mission with these networks is to create and maintain an open environment where partners, suppliers and customers can share, develop and deliver current and emerging technologies and capabilities. Two examples of these networks include:

- › EDGE Innovation Sourcing Network (ISN): Run by our Mission Systems business, ISN is an engagement and communication ecosystem that helps us discover emerging technologies and solutions and promote small businesses to participate in our contracts. We use ISN to discover and vet small business suppliers in the early stages of procurement.
- › MC2: In addition to a virtual network, our Land Systems business has a state-of-the-art facility with a complete “alpha to omega” lifecycle laboratory. We specify to our virtual community the technology opportunities and needs in support of customer missions, from vehicle survivability to autonomous systems to subsystems development.

### Supplier Diversity

General Dynamics is committed to working with small and diverse businesses. These businesses are a vital part of maintaining our competitiveness in the global marketplace. Our supplier diversity program operates under a framework based on four pillars: compliance, early engagement, small business innovation and community outreach.

We partner with small disadvantaged businesses, women-owned small businesses, veteran-owned small businesses, service-disabled veteran-owned small businesses, SBA-certified HUBZone small businesses, Native American-owned small businesses, minority-owned companies and Ability One organizations.

In 2017, General Dynamics awarded approximately \$3.3 billion in contracts to small businesses in the United States.

Each of our ten business units operates small business programs, providing multiple opportunities for small businesses to partner with General Dynamics.

For our U.S. businesses, our supplier diversity program managers attend up to 50 regional and national events annually to meet with potential suppliers. A few examples include events sponsored by the National Minority Supplier Development Council (NMSDC), Women's Business Enterprise National Council (WBENC), Procurement Technical Assistance Centers (PTAC) and the Small Business Administration (SBA).

General Dynamics provides guidance and support to the thousands of small businesses that work with us. We mentor small businesses on an informal basis through their contract involvement, as well as through our small business and supplier diversity offices. We also sponsor and host events that allow our businesses to meet with interested small business suppliers.

Over the years, we have participated in various formal Mentor-Protégé programs, including the Department of Defense (DoD), Department of Homeland Security

(DHS), Department of Treasury, Federal Aviation Administration and Small Business Administration (SBA) Mentor-Protégé Programs. We continue to participate in mentoring as we see a fit within our contracting parameters.

One example is our mentor-protégé agreement with Carroll Communications, a certified, service-disabled, veteran-owned small business that provides key technologies to defense acquisition programs. The U.S. Department of Defense-approved agreement allows our Mission Systems business to provide specific developmental assistance to Carroll Communications that will better equip it to bid and compete on prime contracts.

### **Global Supply Chain Risk Management:**

Thousands of suppliers provide materials and services that help us build our products, and we work closely with our supply chain partners to maintain sustainable practices and conduct business in a way that upholds our values. We have established mechanisms to assess risk and ensure compliance, and we constantly look for new ways to reduce risk throughout our supply chain.

#### **Counterfeit parts prevention**

We are committed to preventing counterfeit parts and software from entering the company's supply chain. Our businesses have stringent quality-control processes in place to detect and mitigate suspected or confirmed counterfeit parts. We promptly disclose any findings to the government and the customer.



Governance

## Corporate Governance

General Dynamics is committed to employing strong corporate governance practices to promote a culture of ethics and integrity that defines how we do business.

### Board of Directors

Our Board continues to reflect a diverse and well-qualified group of business leaders, aerospace and defense industry experts and financial and strategic advisors. To ensure that our Board represents diverse skills and experiences, we have added several new directors through a thoughtful and deliberate process over the past several years.

#### Balanced Director Tenure (as of September 2018)



#### Balanced Board with Unique Perspectives

**4** directors with experience in leading complex operating and manufacturing firms

**4** directors with prior top leadership posts in the military or U.S. Department of Defense

**5** directors are women or minorities

**5** current or past CEOs of Complex, Global and/or Public Companies

**7** current or former public company directors

**8** directors with significant financial backgrounds or expertise

The General Dynamics Corporate Governance Guidelines provide a framework for effective governance of the Board and the company. The Board believes that its commitment is demonstrated by key corporate governance practices, including:

- › strong Board independence;
- › an independent Lead Director;
- › a majority voting standard for the election of directors coupled with a director resignation policy;
- › shareholders' right to call a special meeting;
- › shareholders' ability to nominate director candidates and have those nominees included in the company's proxy statement;
- › a market-leading executive stock ownership policy;
- › a policy prohibiting hedging and pledging by directors and officers;
- › an executive compensation recoupment (clawback) policy; and
- › disclosure of corporate political contributions and trade association dues;

### Board Oversight of Risk

Our comprehensive risk management program is conducted by senior management and overseen by the Board of Directors. In particular, the Board oversees management's identification and prioritization of risks. The full Board reviews and approves annually a corporate policy addressing the delegation of authority and assignment of management responsibility to ensure that the responsibilities and authority delegated to senior management are appropriate from an operational and risk-management perspective.

The following summarizes the key elements of the Board's, senior management's and external advisors' roles in our risk management program.

- › The Board oversees risk management, focusing on the most significant risks facing the company, including strategic, operational, financial, legal and reputational risks.
- › Each Board committee is integral to risk management and reports specific risk-management matters as necessary to the full Board.
- › Senior management is responsible for day-to-day risk management and conducts a thorough assessment through internal management processes and controls.
- › The chief executive officer and senior management team provide the Board a dedicated and comprehensive briefing of material risks at least twice per year, and the Board is briefed throughout the year as needed on specific risks facing the company. Topics discussed in 2017 include our cyber security risk management program, human capital management and program-specific matters.
- › External advisors provide independent advice on specific risks and review and comment on risk management processes and procedures as necessary.

### Political Contributions Disclosure

General Dynamics participates in the U.S. political process when it is in the best interests of its shareholders, businesses and employees to do so. Participation in this process ensures that the company's interests as a leading member of the defense and aerospace industries, as well as a large employer, are appropriately represented.

The company has a comprehensive oversight process to ensure that political contributions are made in a legal, ethical and transparent manner that best represents the interests of our shareholders.

Corporate political contributions are made pursuant to the company's Delegation of Authority, as established by the Board of Directors, which requires that all corporate political contributions be approved by the Senior Vice President, Planning and Development who oversees the company's government relations. The company's Board of Directors receives annual briefings on corporate-wide political spending.

As part of an effort to ensure compliance with all applicable laws relating to political activities and effective corporate governance, we have a written policy governing lobbying practices. This policy covers compliance with laws and regulations regarding the lobbying of government officials, the duty to track and report lobbying costs and expenses as nondeductible for tax purposes and unallowable for purposes of U.S. Government contracts. It requires that all lobbying contacts with covered government officials be coordinated with and approved by the Senior Vice President, Planning and Development.

### Employee Political Contributions

General Dynamics offers certain eligible employees (as determined by federal election laws) in the United States an opportunity to make political contributions through a company-sponsored Political Action Committee (PAC), called the General Dynamics Corporation Political Action Committee (GDC PAC). The General Dynamics employee PAC is organized and operated on a strictly voluntary, nonpartisan basis and is registered with the Federal Election Commission. The PAC's political contributions are reported monthly to the Federal Election Commission.

A committee of senior management employees administers the company's employee PAC. In conjunction with this committee's oversight, the PAC contributions are subject to a robust internal review process to ensure they represent the best interests of the company, its employees and its shareholders. Additionally, internal financial controls exist to ensure company compliance with federally mandated contribution limits.

## Ethics

Our ethos demands responsible and ethical practices. It is the single most important element of our culture. Each of us has an obligation to behave according to our shared values of transparency, trust, honesty and alignment. This starts with our leadership and serves as the bedrock for every employee, ensuring we act with integrity and respect for others. Our employees take this responsibility seriously and understand their essential role in preserving General Dynamics' reputation.

We ensure our employees around the world have the tools and resources they need to do the right thing. This commitment to ethics is reinforced to our employees on their first day of employment and throughout their careers with General Dynamics.

### Ethical Leadership

General Dynamics' leadership team reflects our ethos and serves as an example to our employees, customers and shareholders. For our Board of Directors and our key financial professionals, we have adopted ethics codes specific to their roles and they commit to this code annually. The Code of Conduct for Members of the Board of Directors embodies our Board's commitment to manage our business in accordance with the highest standards of ethical conduct. The Code of Ethics for Financial Professionals, which supplements the Standards of Business Ethics and Conduct, applies to our chief executive officer, chief financial officer, controller and persons performing similar financial functions.

### Readily Available Tools and Resources

We reinforce our commitment to ethics in a number of ways. Our Standards of Business Ethics and Conduct, commonly known as the "Blue Book," states our expectation that all employees conduct business in accordance with the law, our policies, our values and our

business-ethics principles. All new employees are required to acknowledge receipt, understanding and compliance with the Blue Book. In addition, we expect our suppliers, vendors, contractors and joint-venture partners to develop ethics and compliance programs consistent with our values.

All employees have access to confidential resources where they can ask questions, get advice and raise a concern. Management and leadership teams and the ethics, human resources and legal departments are all equipped to assist and provide guidance as needed.

Also, the General Dynamics Business Ethics Helpline, accessible by telephone or on the web, is available to employees in numerous languages twenty-four hours a day. A question or concern can be raised using the Helpline resources, anonymously or named. All questions, conversations, calls and reports made in good faith are taken seriously.

We investigate all reported concerns—promptly and in confidence—and resolve those concerns appropriately. If we find that our standards have been violated, we will take action, including imposing disciplinary action, implementing system-wide changes or notifying the right governmental office or agency. We deal with a specific situation and make changes so similar problems do not recur. We strictly prohibit retaliation against anyone who raises an ethics or compliance issue in good faith. We pride ourselves on over 70 percent of substantiated allegations being named, which indicates employees trust that our program works.

Information about our commitment to ethics is very prominent. Each facility is equipped with eye-catching Awareness Centers that reinforce our commitment, outline tools available to employees and list the Ethics Helpline website and toll-free number.

## **Network of Ethics Officers Around the World**

The role of the ethics officers is strengthened by our approximate 150 part-time local ethics officers (LEOs), located in offices around the world. These LEOs are embedded in the locations with our largest populations. They answer questions, conduct investigations, provide communications and training and further engrain ethics in the everyday activities of our employees. LEOs are high-potential employees who are nominated by senior leadership for the role and are viewed as trusted coworkers. They work side-by-side with our employees and they are an accessible resource.

The General Dynamics Ethics Working Group, the most senior Ethics Officers across the corporation, meet quarterly to discuss challenges, share best practices and review industry trends. Working closely with leadership and our communications and training teams, this group keeps our commitment to ethics at the forefront by including periodic messaging and mandatory training every two years.

## **Ethical Business around the World**

As a leader in the aerospace and defense industry, we provide services and products to many governments around the world. The laws and regulations relating to doing business with government customers and public officials are complex and we provide our employees with the appropriate resources to ensure we comply fully with all laws and regulations.

We abide by the laws and restrictions regarding the import and export of our products, information and technical data, including the U.S. International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR). Nearly every country has laws and regulations that control the international movement (e.g., imports, exports, re-exports, and technology transfers) of certain product information and services. We ensure we remain current with all these laws and regulations and we comply strictly with the requirements of all of the governments and agencies with whom we do business.

## Information Security

General Dynamics is committed to a proactive, robust and compliant information security approach to safeguard our networks, information and systems. Our priority is to protect business-sensitive, customer and employee information from external and internal threats. Leveraging our experience as a leading cyber-security provider for national defense customers, we continually evolve and enhance our cyber defenses to monitor, manage and avoid risks to our information and systems.

Our information security program is built on a strong central governance and mature policy framework. This program is an integral component of our company's risk governance process. We ensure each business unit complies with these centrally defined policies and standards, which are regularly updated to meet federal government and commercial best practices. As part of our information security program, our businesses protect our company from cyber threats by:

- › identifying cyber threats and critical information assets;
- › implementing cyber security prevention, detection and response controls;
- › incorporating cyber risk assessment practices into program activities; and
- › integrating cyber risk management into business risk governance practices.

General Dynamics' corporate headquarters ensures the company-wide information security program is operating effectively by performing rigorous audits and regularly scheduled cyber penetration tests. These tests emulate the most recent behaviors and tactics, techniques and procedures of advanced persistent threat adversaries. The corporate information security team also regularly provides management and the board with updates on the performance of our cyber security program.

### Company-wide Collaboration

Our businesses leverage each other and work together to ensure we have secured our systems and we are protecting our information. This collaboration allows us to rapidly evolve and adapt to advanced and persistent threats to protect the integrity, confidentiality and availability of our information systems.

Our top IT and cyber security leaders from each of the businesses hold regular meetings to share best practices and identify and implement innovative cyber defense and information security approaches. This team also coordinates with other committees across the company, to include the Supply Chain, Engineering and Manufacturing councils.

Following are examples of ways we protect our business from cyber threats:

- › **Defined Cyber Policy and Processes:** We have a corporate-wide cyber security program, defined by strong corporate governance and policies, to ensure we mitigate our risk to cyber threats. This program is executed in each of our businesses. This program includes established processes to identify threats and the implementation of prevention, detection and response programs. Each business also implements state-of-the-art security programs and protocols to discover and mitigate existing and future risks.
- › **Audits, testing and Risk Assessments:** We regularly audit and test our systems to ensure each meets or exceeds our high cyber security standards. Our internal audit group conducts regular audits of the implementation of each business unit's cyber security program to ensure compliance. We conduct regularly scheduled cyber penetration and vulnerability tests to identify potential risks and perform regular risk assessments with business leaders.

- › Information Sharing: In partnership with our government customers, we work with industry peers, security experts, academic institutions and the research community to assess cyber threat trends, share threat information and promote information sharing standards that protect our customers. General Dynamics has been an active member of the U.S. Department of Defense (DoD) Defense Industrial Base Cyber Security Program since it was created. We actively participate in similar information sharing and collaboration programs with the U.S. Department of Homeland Security, the national intelligence community and law enforcement agencies. We are also active participants in equivalent industry Information Sharing and Analysis Centers.

## Employee Privacy and Data Protection

Our employees are a critical first line of defense against cyber threats. We conduct regular employee training to help them identify suspicious activity and the appropriate actions to take. Our training focuses on data privacy and cyber security, including how to identify email spear phishing attempts.

Our information security program has policies and controls in place to protect employee information and to ensure compliance with global privacy laws and regulations. This ensures we protect the privacy and integrity of employee data.



Environment

## Environmental Responsibility

General Dynamics is committed to reducing our global environmental impact.

Like many of our investors, employees and community members, General Dynamics is concerned with the environmental impact of our business. We consider how our business strategy interplays with ensuring sustainable environmental practices over the long term. We think about how our environmental initiatives make us good corporate citizens and how they can help further increase value to our shareholders. Our efforts help protect the environment while improving efficiency, reducing costs and ensuring we remain compliant with all relevant environmental laws and regulations.

General Dynamics:

- › operates our facilities in compliance with all applicable environmental laws and regulations, and in a way that is protective of the health and safety of our employees, surrounding communities and the environment;
- › strives to be a leader in improving environmental quality, by minimizing waste and emissions, reusing and recycling, reducing the use of natural resources and promoting pollution prevention efforts throughout the company;
- › reviews our facilities and programs on a regular basis and establishes goals for continuous improvement in the environmental arena;
- › integrates environmental considerations into business planning and decisions, including in design, procurement, production, facilities management and product support;

- › promotes a workplace in which all employees are properly trained to comply with applicable environmental laws and regulations, to meet environmental program goals and to take personal responsibility for protecting the environment;
- › works with our customers to meet their environmental needs and goals consistent with the company's environmental compliance and management programs; and
- › incorporates a management system for environmental matters at each business unit that is compliant with the most current edition of ISO 14001.

## Company-wide Collaboration

Each of our businesses has professionally-run Environmental, Health and Safety (EHS) programs to ensure our facilities operate safely and comply with company programs and practices to prevent any environmental impacts. Each business develops annual goals to drive continuous improvement in EHS performance.

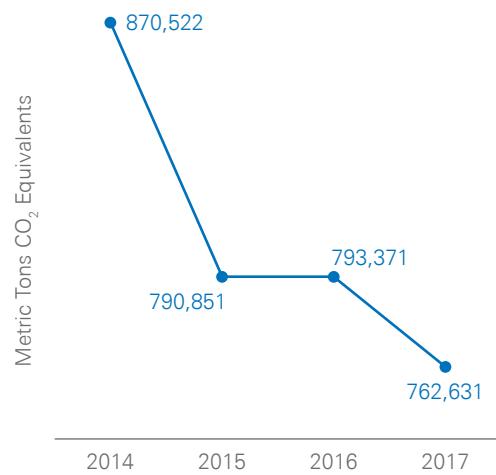
We have an active Environmental, Health & Safety committee which includes experts from each General Dynamics business unit. This group works together to promote best practices and shared strategies throughout the company and serves as a resource in promoting a safety- and environmentally aware culture.

## Greenhouse Gas Emissions

As a company, we are committed to continuous improvement which includes creating efficiencies and building systems that reduce our emissions output. The nature of our business, with multi-year, large-scale manufacturing contracts, and our organizational structure make it challenging to set company-wide global emissions reduction goals. As such, each business unit determines its energy efficiency programs to meet its energy objectives and remain aligned with energy priorities of our customers.

Across the business, we are collecting high-quality data, using a third-party firm.

### Greenhouse Gas Emissions



### Examples From Across the Business

We are actively instituting new ideas to increase our environmental performance and reduce our global footprint. Our businesses are implementing strategies to reduce GHG emissions.

Our Scranton, Pennsylvania, facility, run by our **Ordnance and Tactical Systems** business, worked closely with the U.S. Department of Energy to achieve "Superior Energy Performance." This is a systematic approach to identify and control energy use and costs. We reduced the facility's greenhouse gas emissions by 65 percent, and we successfully implemented an energy management system (EnMS) that continues to improve energy performance.

The system meets all criteria of Superior Energy Performance (SEP) and ISO 50001, making us the first U.S. Department of Defense contractor location in the world to achieve these certifications. The plant's energy resources are now proactively managed by a rigorous business system to sustain these energy savings and we continue to strengthen plant energy performance.

At **NASSCO's** San Diego shipyard, we implemented multiple programs to minimize the generation of waste and to promote recycling:

- › We established shipyard-wide recycling programs that start at the deck plate. Employees separate trash from recyclable scrap metal and wood using color-coded receptacles stationed in their work areas. The solid waste stream is then processed through a sorting line to further segregate waste from recyclables. Through these programs, we achieve up to a 90% landfill diversion rate.

- › Solvent used in conjunction with ship painting is collected and processed through a distillation unit to remove impurities, allowing the solvent to be reused again and again, as appropriate.
- › We use automated Plural Component Painting Systems to precisely combine two-part epoxy paints at the time of use rather than requiring batch mixing of paints ahead of time. The use of these systems results in an 86% reduction of paint waste over the manual mixing process.
- › During a typical year, more than 150,000 gallons of used oil and fuel will be collected for reclamation and reuse rather than being disposed of as hazardous waste.

**Gulfstream** uses renewable fuel to power its Savannah, Georgia-based demonstration aircraft as well as the Field and Airborne Support Teams aircraft. The fuel, a low-carbon, drop-in blend of renewable fuel made from agricultural waste and petroleum-based Jet-A, has less sulfur and fewer fine particle pollutants than traditional Jet-A. Gulfstream is the first business aircraft manufacturer to use renewable fuel in daily operations.

Each gallon of renewable fuel burned is meant to achieve a more than 50 percent reduction in greenhouse gas emissions relative to petroleum Jet-A on a life cycle basis. The lifecycle begins when the agricultural source becomes waste, continues through the refining process and ends with the fuel burn. The renewable fuel meets the strict sustainability requirements of both the United States Environmental Protection Agency (EPA) and the internationally recognized Roundtable on Sustainable Biomaterials (RSB).



## Employee Relations

At the heart of our company are our employees. We rely on their intimate knowledge of customer requirements and their unique blend of skill and innovation to develop and produce the best possible products and services.

## Employee Health and Wellness

We are committed to helping our employees and their families lead healthy, productive lives and we invest in health and wellness programs to ensure they can do just that. Our wellness programs provide resources, information, motivation and support to help our employees make healthy lifestyle choices and minimize health risks. These programs vary by business and location, reflecting the needs of employees and the characteristics of national healthcare delivery systems.

Most of our locations offer on-site influenza immunizations and health screenings, and most also facilitate employee exercise. Many offer a broad range of on-site health services in addition to educational programs and wellness events.

### Employee Safety

Nothing is more important than our employees' safety. We have clear, consistent policies and standards requiring that we operate in a way that promotes the safety and well-being of our employees.

Across the business, we take measures to prevent workplace hazards, enforce a culture of continuous improvement to ensure our processes help reduce injuries and illnesses and comply with governing health and safety laws.

Many of our business units have been recognized for their commitment and success in promoting health and safety among their workers.



## Diversity and Inclusion

Diversity is critical to innovation. A diverse workplace yields better ideas and outcomes, and we are committed to promoting diversity of thought, experience, perspectives and capabilities. Each business, and each individual, makes a unique contribution to our company. We recognize that diversity is good for our team and our shareholders, and it's critical to our future competitiveness.

General Dynamics proudly supports a culture of inclusion that encourages a work environment that honors diverse opinions. Employees can flourish here: they know their individual skills, abilities and viewpoints are honored. Our diverse, global business is united by a common goal of being the best in the business, delivering shareholder value and being a good corporate citizen in each of the communities where we do business.

We partner with organizations with active programs and networking events to help promote our diversity commitment with our company and our industry. A sample of these events includes the Black Engineer of the Year Awards (BEYA), The Grace Hopper Celebration, The National Society of Black Engineers (NSBE), The Society of Hispanic Engineers (SHPE) and The Society of Women Engineers (SWE).

In our recruiting efforts, we strive to identify a diverse candidate pool for positions at all levels across the company, from interns to executives. Our campus outreach efforts include visiting Historically Black Colleges and Universities and the Hispanic Association of Colleges and Universities. We partner with diversity chapters at the colleges and universities where we frequently recruit.

We complement our diversity recruitment efforts by partnering with military and veteran support organizations. We work with the Service Academy Career Conferences and participate in recruiting events with local military bases. In addition we work with Recruit Military, Military Spouse Employment Program and Student Veterans of America. We also offer programs internally to assist veterans as they transition from military service to our workforce.

### Employee demographics:

Key elements of our workforce

- › 28% are female
- › 29% are people of color
- › 17% are veterans

### Diversity recruitment and retention

To engage and retain diverse talent, we know that recognition, empowerment and awareness are important. To that end, we offer learning, mentoring and leadership development programs to increase the pipeline of diverse candidates for positions at all levels across the organization. For employees with outstanding achievement, we recognize their accomplishments at national events such as BEYA, SHPE and SWE.

We have created and launched employee networking groups across the company. Our GDIT business started a Women at Work (W@W) group which focuses on networking, community outreach and mentoring opportunities, to include "lunch n' learn" meetings encompassing a wide range of topics to support personal and professional growth. Another example is our GD Network of African Americans, known as DNA2, in our Land Systems business. This group provides mentoring and networking opportunities to employees and reinforces the importance of Science, Technology, Engineering and Math in the defense industry by partnering with local high schools and community organizations.



## Community Relations

**General Dynamics' commitment to community relations spans continents. We invest in the communities in which we live and work, from helping veterans and military families to improving education and health opportunities. Our employees and their families invest time, talent and funds in our local communities. We continually look for ways to make a difference wherever we can.**

Our businesses' community service programs align with their local community's needs. Each business uses employee-formed committees and employee input to bring together financial and volunteer resources. Following is just a small sampling of areas where we give back to our communities.

### **Local Community**

**Gulfstream** sponsors The Building for Kids Children's Museum in Appleton, Wisconsin. The Gulfstream Jet interactive exhibit allows children to experience flight as an air traffic controller, pilot and passenger. Approximately 115,000 children visit the museum annually.

**NASSCO** employees formed a volunteer Clean-up and Restoration Committee (CRC) in 2002 that continues today to help clean-up and restore public areas that directly impact the San Diego Bay and its tributaries. The CRC actively engages with the community through educational and outreach efforts and hosts four or more environmental events each year. For example, we support a project known as EarthLab, a hands-on outdoor science laboratory at Millennial Tech Middle School that allows children to learn about environmental sustainability. We also host an annual neighborhood clean-up day just outside the shipyard gates in Barrio Logan and Logan Heights, covering more than 30 neighborhood blocks.

**Bath Iron Works** partners with several programs in Maine to address problems of food insecurity. Employees conduct an annual Feed the Hungry food drive and collection, with proceeds supporting the Bath Area Food Bank and the Bath Area Kitchen Table. The programs provide meals and supplies to hundreds of individuals and families in need. Shipyard employees also work with the Good Shepherd Food Bank and the Mid Coast Hunger Prevention Program and support the Bath Area Backpack Program, which provides healthy meals to students during school vacations.

**Mission Systems** employees volunteer to support the Martha's Table food drive as a way to give back and support their local community. Martha's Table provides services to the Washington, D.C., community for quality education programs, healthy food choices and family support systems. The program provides emergency relief programs, daily mobile food trucks and meal and clothing services.

Many of our businesses work with Habitat for Humanity. **Land Systems—Canada** sponsors and partners with Habitat for Humanity Heartland Ontario for several days' worth of home building. In 2017 alone, 50 employees volunteered vacation days to help build a house in the community. Our **Mission Systems** business employees in Pittsfield, Massachusetts, have partnered with the Central Berkshire Habitat for Humanity, Inc. for more than 20 years. The group has helped build 27 homes and is in the process of constructing six, zero-energy ready residences.

General Dynamics' **corporate headquarters** proudly supports Jill's House, an organization that celebrates children with special needs and provides relief to the extraordinary families who love them through short-term, overnight respite care.

## Educational Outreach

From leading Robotics clubs to supporting a Rocketry Challenge to music programs, we support and provide volunteers for education projects around the world.

**Gulfstream** supports the Savannah Music Festival's Musical Explorers, a comprehensive education program that reaches nearly 11,000 kindergarten through second-grade students and more than 350 teachers in the Savannah, Georgia, area. The program was created in response to decreasing access to music education opportunities for students and teachers both inside and outside the classroom.

In Taunton, Massachusetts, our **Mission Systems** employees established a mentoring program in 2015 to introduce students to Science, Technology, Engineering and Mathematics (STEM) topics. In collaboration with the local high school, we bring students into our facility to demonstrate how products

are designed, developed and tested as a way to inspire students towards an engineering education.

A group of volunteer **Mission Systems** engineers run the eCrew program in Arizona. In partnership with The Boys & Girls Clubs of Greater Scottsdale and with the East Valley Boys & Girls Club (Gilbert), they are introducing middle school students to engineering through a 12-week curriculum with hands-on projects requiring students to build, test and redesign their ideas. The program averages between 30 and 40 children per year and culminates in a graduation ceremony.

FIRST Robotics aims to help young people pursue studies and careers in the field of science, technology and engineering. In 2017, **Mission Systems—Canada** sponsored and mentored two teams, one in Calgary and one in Ottawa.

**Land Systems** hosts STEM tours at its Sterling Heights, Michigan, location, showing hundreds of students how the company intersects science, technology, engineering and math into daily jobs. They also run a Women in Defense Scholarship program and sponsor several student-run robotics teams.

**Electric Boat** operates three apprenticeship programs: one for Quonset Point, one for the Marine Draftsman Association and one for the Metal Trades Council and Carpenter Union. The programs range from three to four years and are administered by the Department of Labor, Office of Apprenticeship Training, in collaboration with management, union representation and local community colleges. Successful completion results in a certificate and/or Associate's degree, preparing the apprentice to be a well-rounded master trade worker, designer or technical expert or leader.

**Jet Aviation** has an apprenticeship program in cooperation with the Department of Education in the Canton of Basel, Switzerland, employing upholstery and polymechanic apprentices for three- and four-year terms. This program allows local youth to see first-hand numerous job options available to them.

**Gulfstream's** Student Leadership Program (SLP) was established in Savannah in 2008 to encourage higher grades, lifelong learning and personal development for high school students. It is a collaborative partnership between Gulfstream, the public-school system and the business community. The program has since expanded to include Appleton, Wisconsin, and Brunswick, Georgia, and reaches nearly 1,000 students annually.

## Supporting Service Members

We proudly support our employees who serve in military reserves. For example, we created a military employment policy for employees in the U.S. military reserves that goes beyond the Uniformed Services Employment and Reemployment Rights Act (USERRA). We ensure that all eligible employees who are called to military active duty are afforded appropriate compensation, benefits and job protection. We protect them financially by continuing to pay any difference between their service income and their income from General Dynamics.

In addition, General Dynamics provides financial support to a number of non-profit military and veterans' organizations. These groups generally work toward improving the quality of life for veterans and others through their programs and social contributions.

Multiple businesses support Run to Home Base, an organization that provides programs to veterans who are suffering from the invisible wounds of war. The 2017 General Dynamics team secured the title of being the top fundraising team for the second year in a row.

**Gulfstream** is a sponsor of the Veterans Education Training and Transition Program at Georgia Tech-Savannah, an initiative designed to help active-duty service members make the transition from the military to the corporate world. The four-week program includes a three-week internship where participants practice their skills on the job at a Gulfstream facility.

Project Elf is a unique volunteering experience that gives our **Information Technology** employees in the Washington, D.C., region the opportunity to be an "Elf" for military families. Employees receive a wish list from a military family that contains presents requested by children in that family. Our employees also volunteer at the Fort Meade (Maryland) and Fort Belvoir (Virginia) centers on the day of Project Elf and they wrap and distribute the gifts to the military family members.

**Land Systems** employees at our Lima, Ohio, facility have a volunteer, employee-run veterans committee. They constructed the Freedom Flag Monument in memory of all veterans. The team also provides care packages for all employees called to active duty and offers an assistance program for their families.

For the past 10 years, **Mission Systems–Canada** has proudly supported the Canada Army Run. This event raises funds for ill and injured soldiers and their families and brings together Canadians and the Canadian Armed Forces in the spirit of camaraderie and community.

**Mission Systems** supports the Sentinels of Freedom Scholarship Foundation which assists severely wounded, post-9/11 veterans in their efforts to be active and self-sufficient members of the community when they return from service. Each year, the program provides transitioning veterans with financial support for housing, mentoring for personal, academic and professional success, and employment networking upon completion of a degree.

